

## Control Section 4.10 Reductions By Program

Org. Code: 2100

Department: Alcoholic Beverage Control

### How was reduction implemented?

Although the Department is required to abolish 26 positions for this reduction, it is possible to accomplish the reduction without lay-offs because of these factors: the hiring freeze imposed in FY 2001/02 and continued into FY 2003/04, the Department's restrictions upon non-critical travel, training, purchases, and other cost savings measures, and the funding for the positions in excess of the amount required to fund employee compensation increases was not deleted from the Department's support appropriation because the funding is not transferable to the General Fund. The Department will have 26 vacant positions to abolish effective June 30, 2004.

### What was the actual effect of this reduction?

Because the Department's work output is a function of the number of staff performing the work, any reduction in the number of authorized positions will have an impact on the work output over time. As an example, the Department experienced a significant reduction, due to the hiring freeze, in staffing levels related to clerical support in ABC's District Offices. This staffing reduction resulted in an expanded license application wait time. As of January 1, 2001, the average wait time for an appointment to file a license application in one of the Department's field offices was 4 days. On January 1, 2004, the average wait time was 21 days – an increase of 17 days. As of January 1, 2001, the total inventory of license applications for investigation was 2,361 applications. On January 1, 2004, the total inventory was 3,287 applications – an increase of 926 applications. The net impact of these trends is to increase the time it takes for a licensee to initiate business and begin generating jobs and economic benefits to the state. The Department has and will continue to implement measures to mitigate the impact of these staff reductions, including expanding the use of automation, more effectively utilizing staff, streamlining the application process, and redeploying staff to minimize the impact on customer service, public safety, and license application timeframes.

Department Director Approval: 

Date: 3/5/04

Agency Secretary Approval: 

Date: 3-15-04

Control Section 4.10  
Reductions By Program

Org. Code: 2120

Department: Alcoholic Beverage Control Appeals Board

## How was reduction implemented?

The Appeals Board eliminated temporary help funds which provided for a student assistant to work on an hourly basis. Since the student assistant worked on an hourly basis, no lay-off was needed. The Appeals Board told the incumbent not to report to work after October 9, 2003.

## What was the actual effect of this reduction?

The Board's five-person staff consists of three attorneys and two legal secretaries. The student assistant helped the legal secretaries process and maintain all the Board's files and hearing calendars, issue the Board's decisions, and answer and screen calls. The student assistant was largely or fully responsible for preparing and transmitting decisions and hearing calendars to Teale Data Center for posting on the Board's web site and for maintaining the law library.

The loss of the student assistant has impaired the ability of the Appeals Board to timely process appeals and issue decisions. It now takes the legal secretaries about 25 days more to put a decision in final form and issue it. They can attend to the other tasks formerly performed by the student assistant – the web site, law library, etc. – only when the need becomes urgent.

Department Director Approval: \_\_\_\_\_

Date: FEB 3, 04

Agency Secretary Approval: \_\_\_\_\_

Not applicable

Date: \_\_\_\_\_

**Control Section 4.10  
Reductions By Program**

**Org. Code: 2150**

**Department: Department of Financial Institutions (DFI)**

**Program: Banking Program (Financial Institutions Fund)**

**How was the reduction implemented?**

The abolishment of five vacant positions (four examiners and one clerical position) was realized in this program.

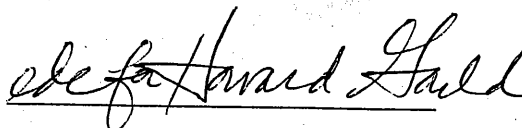
The reduced spending authority (by executive order) related to these abolished positions was later reversed with the intent to offset the employee compensation increases.

**What was the actual effect of this reduction?**

As a result of the 2002-03 and 2003-04 mandatory position reductions a total of 13.0 positions (12.0 of those being examiner positions) have been abolished in this area, resulting in a nine percent reduction in examination staff.

The loss of these positions results in a lower staffing level than what was previously deemed necessary by Department of Finance and the Legislature to meet the Department's existing workload. Based upon the DFI experience it is estimated that the Banking Program has the potential of losing the capacity to conduct approximately 30 exams per year. While the DFI has been meeting the statutory requirement by reducing the examination scope in those areas that represent the most manageable risk, continued lack of examination in these areas will serve to magnify the risk. In order to continue to meet the statutory examination timeframes, the DFI will be forced to further adjust the examination modules to save time spent on examinations. In addition, the decrease in staffing also diminishes the DFI capacity to respond to crisis related to the performance of financial institutions we regulate (i.e., impact of interest rate rise on licensees, economic downturn, etc.). The reduction of resources will influence policy decisions that the DFI will be faced with including such major programmatic elements as our capacity to facilitate licensing of new banks as well as accepting additional conversions of existing federally chartered financial institutions, thereby diminishing the State of California's role in financial services licensing and regulation.

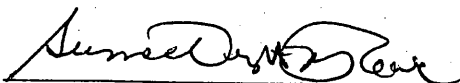
Department Director Approval:



Date:

3/5/04

Agency Secretary Approval:



Date:

3-15-04

**Control Section 4.10  
Reductions By Program**

**Org. Code: 2150**

**Department: Department of Financial Institutions (DFI)**

**Program: Credit Union Program (Credit Union Fund)**

**How was the reduction implemented?**

The abolishment of one vacant position (examiner) was realized in this program.

The reduced spending authority related to the abolished position was later reversed (via executive order) with the intent to offset the employee compensation increases.

**What was the actual effect of this reduction?**

Based upon the DFI experience the Credit Union Program has the potential of losing the capacity to conduct approximately 12 exams per year. In addition, the reduced staffing level will diminish the capacity of the program from addressing the growing risks represented by the rapid rise of larger institutions and the growth in the overall industry assets. Additionally, as the division focuses the remaining staff resources on examinations, the processing time of licensee applications for the various regulated areas will lengthen.

While the DFI has been meeting the statutory requirement by narrowing the scope of the examination scope in those areas that represent the most manageable risk, continued lack of examination in these areas will serve to magnify the risk.

Department Director Approval: *ed Howard Gould*

Date: 3/15/04

Agency Secretary Approval: *Suneet Dutt*

Date: 3-15-04

**Control Section 4.10  
Reductions By Program**

**Org. Code: 2150**

**Department: Department of Financial Institutions (DFI)**

**Program: Administration of Local Agency Security  
(Local Agency Deposit Security Fund)**

**How was the reduction implemented?**

The abolishment of one vacant position (manager position) was realized in this program.

The reduced spending authority related to the abolished position was later reversed (via executive order) with the intent to offset the employee compensation increases.

**What was the actual effect of this reduction?**

It is premature to predict the long term impact that this reduction will have on these programs.

The elimination of this position equates to a 20 percent reduction to this program. With this loss, the management of this program will be provided by a banking program employee who will allocate his/her time between this program and the banking program that he/she is assigned to with related impact on the banking program.

Department Director Approval: *Charles Howard Gould*

Date: 3/5/04

Agency Secretary Approval: *Sumner Wright Moore*

Date: 3-15-04

**Control Section 4.10  
Reductions By Program**

**Org. Code: 2150**

**Department: Department of Financial Institutions (DFI)**

**Program: Administration (Distributed)**

**How was the reduction implemented?**

The abolishment of two vacant positions (clerical positions) were realized in this program.

The reduced spending authority related to these abolished positions was later reversed (via executive order) with the intent to offset the employee compensation increases.

**What was the actual effect of this reduction?**

The supportive functions previously provided by the two positions eliminated have had to be absorbed by the more technical and professional staff. As a result, the administrative staff has been forced to work overtime to meet the workload demands. This creates a liability issue for management as employees are accumulating compensated time off (CTO) credits that are available for future use which requires staff coverage that is limited in a small organization. Although the extra workload has been managed by the existing staff, it certainly adds strain to the staff having to respond to the more sensitive, complex administrative demands.

Department Director Approval: *Edward Howard Ford* Date: 3/5/04

Agency Secretary Approval: *Suneele Wright* Date: 3-15-04

## Control Section 4.10 Reductions By Program

**Org. Code:** 2180

**Department:** Corporations

### How was reduction implemented?

The Department of Corporations has met its required 4.10 reduction. Of the 32 positions eliminated, 12 were vacant positions that had been established effective July 1, 2003, to implement the regulation, licensing and enforcement of the payday lenders under the Deferred Deposit Transaction Law (Chapter 777, Statutes of 2002) program. The remaining 20 positions consisted of enforcement (including 14 investigator) and administration positions.

The Department implemented the reductions as follows:

- 19 vacancies were eliminated in the budget.
- 9 employees slated for layoff found positions with other departments.
- 2 employees demoted into vacant positions.
- 1 employee retired.
- 1 employee was laid off.
- 32 total positions

The Department of Finance allowed Corporations to retain the dollar savings associated with the eliminated positions to cover salary increases and shortfalls in operating expense and to reduce the department's salary savings requirement, since most vacancies available to cover salary savings had been eliminated in the previous Control Section 31.60 reduction.

## What was the actual effect of this reduction?

The elimination of twelve Deferred Deposit Transaction Law positions has delayed the operational implementation of the payday lender regulation program from March 2004 to December 2004.

The elimination of 14 investigator positions is expected to result in some enforcement cases being held open for longer periods of time due to having fewer overall staff positions available. This impact, however, is expected to be moderate since historically the investigators were handling mostly criminal investigations and the department's primary focus had shifted toward administrative and civil matters within its mandates, so that investigator workload had already declined.

Department Director Approval:

William F. Wood

Date:

3/5/04

Agency Secretary Approval:

James D. Bear

Date:

3-16-04



## Control Section 4.10 Reductions By Program

**Org. Code:** 2240

**Department:** Housing and Community Development

**Program:** Executive Office, Administration and Management Division

**Reduction:** 11 positions

The Executive Office provides the leadership, policies, and direction for department activities. The Administration and Management Division is responsible for the general administrative mandates (information technology, accounting, budgeting, personnel, procurement, etc.) described in the State Administrative Manual. The Legal Affairs Division provides counsel and hands on assistance in closing loans and grants funded by housing bond funds and other HCD programs.

### How was reduction implemented?

Executive Assistant (Ontario) – Vacant position was eliminated.  
Staff Counsel – Position was eliminated; employee reassigned to other funded workload.  
Staff Services Analyst (SSA) – Equal Employment Office (EEO) position was eliminated; employee reassigned to other funded workload.  
Associate Government Program Analyst (AGPA) – Contract position was eliminated; employee reassigned to other funded workload.  
Personnel Services Specialist (PSS) – Vacant position was eliminated.  
Accountant I (Specialist) – Vacant position was eliminated.  
Assistant Information Systems Analyst (AISA) – Position was eliminated, employee was reassigned to other funded workload.  
Associate Programmer Analyst (APA) - Vacant position was eliminated.  
Associate Auditor (2) – Vacant positions were eliminated.  
Associate Government Program Analyst (AGPA) – Vacant Legislative position was eliminated.

### What was the actual effect of this reduction?

Executive Assistant – No impact, the Ontario Outreach office was closed to achieve savings. Position was no longer needed.

Staff Counsel – The Legal Affairs Division has been able to maintain its current level of efficiency and effectiveness through the current fiscal year. However, current increases in housing bond-funded activities, as well as legal tasks associated with the transfer of several Technology, Trade and Commerce Agency programs to HCD, will cause delays in legal services to HCD programs beginning in 2004-05.

Staff Services Analyst (SSA) – Eliminated the Assistant EEO Officer; the EEO Officer absorbed the workload.

Associate Government Program Analyst (AGPA) (Contracts) – Eliminated one of five contract positions resulting in fewer staff to develop and process contracts including contracts necessary to disburse housing bond funds. Beginning in 2004-05, heavy housing bond related workload will result in 1 - 4 week delays over the normal turnaround time for the processing of contracts.

Personnel Systems Specialist (PSS) – Pay adjustments which require significant research, are taking 3 to 5 days longer to complete, causing delays in affected employees receiving their pay.

Accountant I – Loss of the position resulted in a redistribution of the workload to various existing staff. The extra workload includes monthly reconciliations and vendor/client payments. The workload increase for the remaining staff has resulted in processing times that average two weeks versus the previous one week per month for reconciliations.

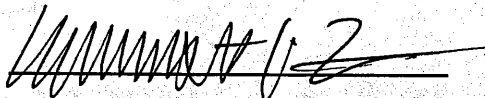
Associate Information Systems Analyst (AISA) – Reduced resources for the Information Technology Help Desk slowing response time and reducing employee productivity.

Associate Programmer Analyst (APA) – HCD developed and had approved a Budget Change Proposal (BCP) which added two positions including this Programmer position to perform the on-going maintenance and enhancements for the Codes and Standards Automated System (CASAS). This change was anticipated to create annual savings of \$200,000. Due to the reduction of staff, additional CASAS related programming needs will be required to utilize an existing contract vendor at higher (nearly double) the cost.

Auditors – Reduced audit staff to three positions to cover internal audit functions performed on an annual basis. Reduced from 10 to 4 the number of Redevelopment Agency audits that will be performed annually.

Associate Government Program Analyst (AGPA) (Legislative Unit) – Reduced analyst staff from three to two which severely limits HCD's ability to review legislation and prepare impact analyses in a timely manner.

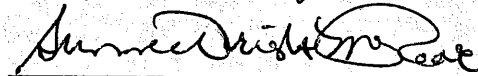
Department Director Approval:



Date:

3/10/04

Agency Secretary Approval:



Date:

3-15-04

## Control Section 4.10 Reductions By Program

**Org. Code:** 2240

**Department:** Housing and Community Development

**Division:** Codes and Standards

**Program:** Mobilehome Parks Inspection Program

**Reduction:** 2 District Representative (DR) II's

The Mobilehome Parks Program is responsible for the issuing of permits for and inspection of the construction, maintenance, use and occupancy of mobilehome parks and special occupancy parks. Staff perform a multi-year maintenance inspection schedule of the parks throughout two-thirds of the State as well as respond to complaints from private citizens and local government officials. Local governments provide these services in the balance of the state. Program staff also adopt of regulations to govern program activities, provide training for local inspectors, and monitor local government implementation of State requirements.

### How was reduction implemented?

The positions became vacant, were not filled and were eliminated.

### What was the actual effect of this reduction?

Reduced staff available to perform inspections in mobilehome and special occupancy parks in response to complaints, perform mandated maintenance inspections, assist with prosecution of those violating the Parks Act laws and regulations, issue building permits and perform related inspections, and provide other health and safety services at mobilehome parks and special occupancy parks has caused delays in responding to inspection requests. This has also reduced the number of enforcement cases that are referred to District Attorney Offices for legal action. Only the worst violators can be pursued at this time.

Department Director Approval: \_\_\_\_\_

Date: 3/10/04

Agency Secretary Approval: \_\_\_\_\_

Date: 3-15-04

Control Section 4.10  
Reductions By Program

Org. Code: 2240

Department: Housing and Community Development

Division: Community Affairs

Program: Mobilehome Park Resident Ownership Program (MPROP)

Reduction: 1 Housing and Community District Representative II

The Mobilehome Park Resident Ownership Program (MPROP) provides funding to manufactured home/mobilehome park resident organizations, local governments or non-profit organizations to allow park residents to purchase the park in which they live. The program is supported by a \$5 surcharge paid by manufactured home residents.

## How was reduction implemented?

The position was vacant and eliminated.

## What was the actual effect of this reduction?

Reduced MPROP loan officer staff from two to one. The elimination of the vacant position leaves only one loan officer and a manager to provide technical assistance, application review, contract development, and oversight. The remaining position is currently vacant, a freeze exemption is pending. A Request for Proposals had previously been issued, offering \$4 million with an application deadline of February 24, 2004. Four applications were received, for \$1 million each. Award of these funds has been delayed. They will be processed with the help of staff on loan from the Multifamily Housing Program – but their assistance is an exceptional case, and will not be available indefinitely. MPROP is a particularly complex program that requires extensive work with prospective applicant entities, consultants, other lenders and owners of the parks and the mobilehomes in them, to insure that proposed projects meet program requirements.

Department Director Approval: \_\_\_\_\_

Date: 3/10/04

Agency Secretary Approval: \_\_\_\_\_

Date: 3-15-04

Control Section 4.10  
Reductions By Program

Org. Code: 2240

Department: Housing and Community Development

Division: Codes and Standards

Program: Registration and Titling Program (R&T)

Reduction: 1 Office Assistant, 5 Program Technician (PT) II, 1 PT, 1 Mobilehome Registration Supervisor II, 1 Mobilehome Registration Specialist

The R&T Program is responsible for protecting the integrity of the ownership title and registration of manufactured homes, mobilehomes, commercial modulars, truck campers and floating homes. The program also collects the vehicle license fee for the General Fund and notifies the 58 counties in California of homes to be enrolled on the tax rolls. In addition, the program collects use tax for the Board of Equalization. This special fund program is funded by fees paid by its customers.

## How was reduction implemented?

Ten vacant positions and one position to be vacated due to retirement were eliminated.

## What was the actual effect of this reduction?

Reduced staffing available to address the workload associated with the completion of registration and titling transactions. For the past four years, the program had a rolling inventory of approximately 3,000 to 4,000 items per week which translates to a 15 day turn around time for completion of transactions. In April of 2003, the inventory was at 2,897; as of March 1, 2004, for the first time in four years the inventory increased to 5,089 with a turn around time of almost 21 days. The increase in turn around time is a direct result of the loss of staff resources. Recently, HCD received a freeze exemption to hire three temporary help staff for the telephone unit. This will allow the existing staff to fully focus on the processing of transactions rather than rotating time spent on the telephone workload. It is hoped turn around time will decline to the target 15 day level.

Department Director Approval: \_\_\_\_\_

Date: 3/10/04

Agency Secretary Approval: \_\_\_\_\_

Date: 3-16-04

## Control Section 4.10 Reductions By Program

**Org. Code:** 2240

**Department:** Housing and Community Development

**Division:** Codes and Standards

**Program:** Occupational Licensing (OL) Program and Manufactured Housing (MH) Program

**Reduction:** 1 Codes and Standards Administrator (CSA) I, 1 Supervising Program Technician (SPT) II, 2 District Representative (DR) II (NAO), 1 DR II (SAO)

The Manufactured Housing (MH) Program assists with the development and enforcement of preemptive federal and state regulations establishing minimum design and construction standards for manufactured homes; multi-unit manufactured housing; commercial modulars and special purpose commercial modulars sold, offered for sale, rented, or leased within the State.

The Occupational Licensing (OL) Program licenses and regulates the manufacturers, dealers and salespersons of manufactured homes and commercial coaches, including investigating and taking punitive actions for any violations of the laws and regulations. It also investigates claims for payment for fraud and other violations from the Manufactured Home Recovery Fund. OL addresses consumer protection issues; provides assistance and services to small businesses who generally constitute licensees; and investigates claims of fraud or warranty violation by consumers related to manufactured home and mobilehomes.

### How was reduction implemented?

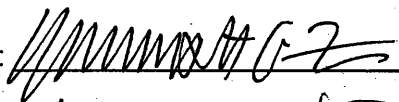
One position that was eliminated had the incumbent (DR II) reassigned to other funded workload; the remaining four positions were vacant, not refilled and were eliminated.

### What was the actual effect of this reduction?

For the Manufactured Housing Program: Loss of the Codes and Administrator I in the MH program reduced the ability to update regulations governing design and construction standards for manufactured homes, and to certify and monitor third-party design and inspection agencies for manufactured housing produced facilities.

For the Occupational Licensing (OL) Program: The elimination of three (3) DR IIs within the OL program has increased the complaint backlog of investigations for the four (4) remaining investigators by 65%. The average wait now for a fraud or warranty complaint to be investigated is several months. Assistance and services to small businesses (manufactured housing industry) have been reduced proportionately. The elimination of the SPT II, a working supervisor at the Southern Area Office, has reduced customer response time and quality control of subordinate work.

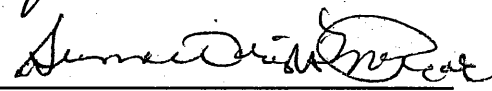
Department Director Approval:



Date:

3/10/14

Agency Secretary Approval:



Date:

3-10-04

Control Section 4.10  
Reductions By Program

Org. Code: 2240

Department: Housing and Community Development

Division: Community Affairs

Program: CalHome Homeownership Program

Reduction: 1 Housing and Community Development Representative II

The CalHome Program provides grants to local public agencies and nonprofit developers to assist individual households with deferred-payment loans; direct, forgivable loans to assist with development projects involving multiple ownership units, including single-family subdivisions. Staff also administer the Building Equity and Growth in Neighborhoods (BEGIN) and the Exterior Accessibility Grants for Renters (EAGR) programs.

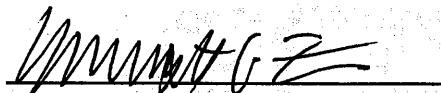
## How was reduction implemented?

The vacant position was eliminated.

## What was the actual effect of this reduction?

This loss reduced the number of total (non-bond and bond) staff resources available for the CalHome, Building Equity and Growth in Neighborhoods (BEGIN), and Exterior Accessibility Grants for Renters (EAGR) programs by 20% at a time when the workload is sharply increasing from housing bond proceeds. Net outcome is an increase in workload per staff member of at least 33%. This may delay the award of CalHome and BEGIN funds in the future.

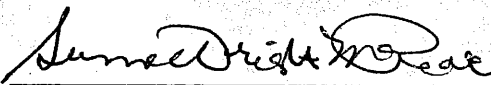
Department Director Approval:



Date:

3/10/04

Agency Secretary Approval:



Date:

3-15-04



## Control Section 4.10 Reductions By Program

**Org. Code:** 2240

**Department:** Housing and Community Development

**Division:** Community Affairs

**Program:** Home Investment Partnership Program (HOME)

**Reduction:** 1 Housing and Community Development Manager I, 1 Housing and Community Development Representative II

The HOME Program is a federal grant program which awards funds to non-entitlement cities and counties for housing construction, rehabilitation and acquisition.

### How was reduction implemented?

Two positions were eliminated; the incumbents were reassigned to two of five newly established HOME positions.

### What was the actual effect of this reduction?

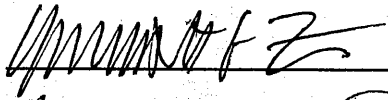
Limited the available professional staff for risk underwriting, contract management, monitoring and other duties in the HOME Program, which has received increased federal grant awards.

Created an excessive span of control in the program, increasing the current HCDM I's span of control from 8 staff managed to 13. Three nonsupervisory staff have had to assume lead roles to assign workload, train staff and review staffwork. This in turn has required increasing the workload of other professional staff. Administrative tasks have been delayed, including development of a needed HOME regulation amendments package and updating of the HOME technical assistance manual.

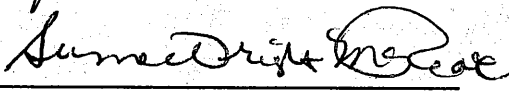
Technical Assistance Unit workload has increased from an average of 25 contracts per person to 33. Many contracts control multiple activities, meaning an average load of 45 contracted activities per person. Technical assistance per customer has decreased, and the quality of applications for funding has noticeably declined.

HOME is working to bring long-term and closeout monitoring of existing loans into compliance with federal rules, and additional staff has been assigned to this function. The 3.5 positions assigned have 260 desk monitorings and 27 site visits scheduled in FY 2004, for an overall average of about 80 monitorings per staff person.

HOME continues to be short of staff to conduct State Recipient pre-construction conference reviews, or ongoing rental construction monitoring reviews. This could delay project completion.

Department Director Approval: 

Date: 3/10/14

Agency Secretary Approval: 

Date: 3-15-04

## Control Section 4.10 Reductions By Program

Org. Code: 2240

Department: Housing and Community Development

Division: Community Affairs

Program: Community Development Block Grant (CDBG) Program

Reduction: 1 Housing and Community Development Manager II, 1 Housing and Community Development Representative II, 1 Office Assistant in the Housing Assistance Program (HAP)

The CDBG Program awards federal grant dollars to small, non-entitlement cities and counties for housing rehabilitation, infrastructure, economic and community development and planning activities.

The HAP Program awards federal Section 8 funds in rural counties that do not have housing authorities.

### How was reduction implemented?

The two CDBG positions were vacant and were eliminated, the one HAP position was eliminated and the incumbent was reassigned to other funded workload.

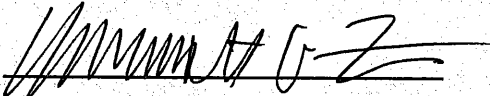
### What was the actual effect of this reduction?

The eliminated HCDCR II position in CDBG had been filled by a staff member responsible for grant management, including expertise in federal and State program rules, with special emphasis on certain program specialties. The duties were reassigned to existing staff positions already responsible for other specialties and overburdened with responsibility for a large number of complex grants from three distinct programs. The elimination of this position has increased the number of grants assigned to each existing staff position from 60 to 71. Grant duties encompass application review, contracting, clearance of special conditions, loan underwriting approval, and monitoring. The eliminated position also trained CDBG customers in workshops throughout the state and provides follow-up technical assistance. The increase in caseload contributed to less technical assistance, resulting in fewer fundable Economic Development applications being received and approved. The decrease in technical assistance increases the risk of local recipients misusing funds and incurring ineligible costs, with resulting requirements for repayment out of local resources. This was the case prior to 2001, before the program was fully staffed.

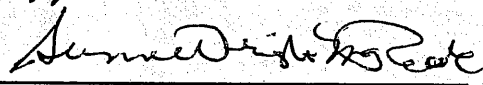
The elimination of the OA position in the HAP Program resulted in no clerical support for the program's professional staff. The program functions require numerous correspondences and an array of documents that are moved between the HAP staff and the rental property owners and renters who participate in the program. When professional staff performs clerical functions, this

reduces the amount of time available to respond to technical assistance issues that arise. This is a labor intensive program due to the remote areas in which customers, served by the program, live.

The HCD Manager II had been assigned to Community Affairs Division Administration and was being upgraded to serve as an Assistant Division Chief when it was eliminated. This has delayed the Department's ability to meet this critical need.

Department Director Approval: 

Date: 3/10/04

Agency Secretary Approval: 

Date: 3-15-04

Control Section 4.10  
Reductions By Program

**Org. Code:** 2240

**Department:** Housing and Community Development

**Division:** Community Affairs

**Program:** Administration Program

**Reduction:** 1 Housing and Community Development Manager II (Ontario), 3 Housing and Community Development Representative II's (2 Sacramento HQ and 1 Ontario)

The Program provides staffing for the Ontario field office and provides high level Division-specific analysis on an array of fiscal, personnel, legislative, and other general administration duties.

## How was reduction implemented?

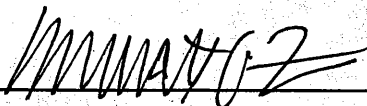
The Ontario Office closed to achieve savings, resulting in the elimination of two positions. Two headquarters (Sacramento) administrative positions were eliminated and the incumbents were reassigned to other funded workload.

## What was the actual effect of this reduction?

The department's Ontario Office was closed to achieve savings. The positions were no longer needed.

The loss of the two headquarters (Sacramento) positions reduced staff available to work on high level fiscal analysis, required report generation, legislative analysis, and other administrative functions of the Community Affairs Division. This loss of these resources creates a void in up to date program information, decentralized report generation, and added another workload for already shorthanded program staff.

Department Director Approval:



Date:

3/10/14

Agency Secretary Approval:



Date:

3-15-08

## Control Section 4.10 Reductions By Program

**Org. Code:** 2240

**Department:** Housing and Community Development

**Division:** Community Affairs

**Program:** Monitoring & Management (M&M) Programs

**Reduction:** 3.5 Housing and Community Development Representative (HCDR) II's, 1 HCDR I

The Rental Loan Management, Owner Loan Management, Financial Management, and the Asset Management Offices provide necessary monitoring and management functions inherent with the existing \$700+ million loan portfolio.

### How was reduction implemented?

Two positions were eliminated and the incumbents were reassigned to other funded workload; One and 1/2 positions were vacant and eliminated.

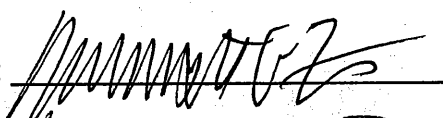
### What was the actual effect of this reduction?

Reduced the available resources to provide technical assistance to affordable housing project sponsors, and to perform necessary regulatory compliance monitoring and oversight functions for rental projects in HCD's expanding loan portfolio.

Six programs with 10.5 staff were affected by the reductions. The affected programs have 404 rental projects that are monitored, which previously amounted to an average of 38 projects per position. The reduction of three positions resulted in a new average of 54 projects per position to monitor, an increase of over 40%.

This means staff must expedite reviews and analyses, increasing chances that cases of non-compliance will remain undetected or continue for longer periods. Managers must pick up more staff work, reducing time available to manage staff and improve the programs. The program is less responsive to sponsors and customers due to the loss of positions.

M&M is no longer able to perform on-site monitoring at the level determined by the Department's risk analysis as necessary to ensure compliance with loan contracts. Less information can be gathered to keep management up to date on the physical and fiscal health of the department's portfolio. This may result in additional project defaults and possibly the loss of affordable housing units.

Department Director Approval: 

Date: 3/10/04

Agency Secretary Approval: 

Date: 3-15-04

## Control Section 4.10 Reductions By Program

**Org. Code:** 2240

**Department:** Housing and Community Development

**Division:** Codes and Standards

**Program:** Administration and Ombudsman Programs

**Reduction:** 1 Office Assistant (OA), 1 Associate Government Program Analyst (AGPA), 2 Program Technician (PT) II's

The Ombudsman Program is a constituent complaint and inquiry service that provides assistance with public complaints regarding manufactured housing sales practices and warranties and regarding the landlord-tenant relationships and physical operating standards in mobilehome parks and special occupancy parks.

The Codes and Standards Administration Program provides support for field staff, including reviewing proposed laws, developing and updating regulations, and assisting with mandated and discretionary reports.

### How was reduction implemented?

All four positions had become vacant, were not filled, and were eliminated.

### What was the actual effect of this reduction?

Ombudsman Program: Reduction eliminated all but one Ombudsman positions available to receive, process, and reply to consumer complaints/issues for mobilehome purchasers and residents of mobilehome parks. This position is currently vacant awaiting approval of a freeze exemption. There is a growing backlog of Ombudsman complaints as this position remains vacant.

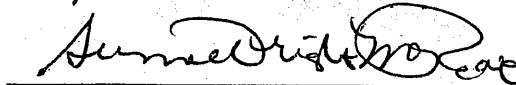
Codes and Standards Administration Program: Elimination of the AGPA limited the ability to effectively address new laws and develop amended/updated building standards and regulations needed by the various Codes and Standards Division programs to carry out their mission.

Department Director Approval:



Date: 3/18/04

Agency Secretary Approval:



Date: 3-15-04



## Control Section 4.10 Reductions By Program

**Org. Code:** 2240

**Department:** Housing and Community Development

**Division:** Codes and Standards

**Program:** Employee Housing (EH) Program

**Reduction:** 1 District Representative (DR) II

The EH Program is responsible for the safe and sanitary operation of employee housing facilities for five or more employees, including farmworker accommodations. HCD inspectors (DR's) serve as inspectors in most of the state (except 12 counties) to identify and cite health and safety violations of the EH law and regulations and to respond to complaints about unpermitted facilities. HCD also is responsible adoption of regulations for the permitting, maintenance, use and occupancy of employee housing facilities.

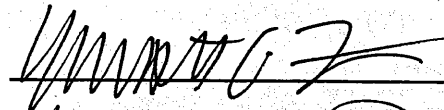
### How was reduction implemented?

This General Fund supported DR position was eliminated and the incumbent was reassigned to other funded workload.

### What was the actual effect of this reduction?

Reduced employee housing inspector position equivalents from 7 to 6 statewide. This is expected to create delays in required annual inspections of employee housing facilities as the operating season begins. This eliminates capacity to seek out unlicensed facilities. Failure to perform timely inspections increases the risk of exposing occupants to unsafe/unhealthful housing conditions.

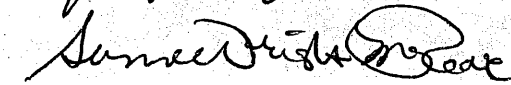
Department Director Approval:



Date:

3/10/04

Agency Secretary Approval:



Date:

3-16-04

Control Section 4.10  
Reductions By Program

**Org. Code:** 2240

**Department:** Housing and Community Development

**Division:** Community Affairs

**Program:** California Indian Assistance Program (CIAP)

**Reduction:** 2 Housing and Community Development Representative II's

The CIAP Program provides grant writing and other technical assistance to Indian tribal governments to obtain and manage state and federal funds for housing, infrastructure, community and economic development projects, and governance enhancement.

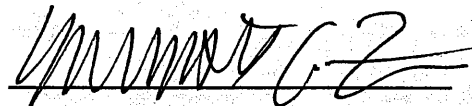
### How was reduction implemented?

One position was vacant and eliminated, the second position was eliminated and the incumbent was reassigned to other funded workload.

### What was the actual effect of this reduction?

Eliminated 50% of the CIAP professional staffing, which provided technical assistance and grantsmanship which equates to the loss of \$4-5 million annually in federal funds for impoverished Indian communities. The redirected employee is a skilled and experienced Indian culture specialist. This also eliminates the ability to update and publish CIAP's annual Indian Field Directory, a popular 163-page publication of information on California's Indian communities.

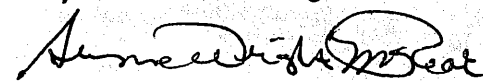
Department Director Approval:



Date:

3/10/04

Agency Secretary Approval:



Date:

3-15-04

## Control Section 4.10 Reductions By Program

**Org. Code:** 2240

**Department:** Housing and Community Development

**Division:** Housing Policy Development

**Program:** Housing Element Programs

**Reduction:** 1.5 Housing and Community Development Representative (HCDR) II, 1 Office Assistant (OA)

The Housing Element Program administers state housing element law including the review of local government housing elements and develops regional housing need determinations that are mandated to be used in updating housing elements; and provides technical assistance on housing law, planning, and community development resources

### How was reduction implemented?

Due to the reduction in program positions, one HCDR was reassigned to non-housing element program workload; the other ½ time HCDR position was eliminated. The OA position was vacated and has since been eliminated.

### What was the actual effect of this reduction?

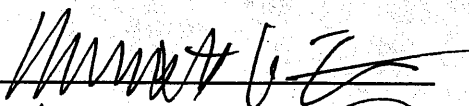
The reduction jeopardizes the Divisions ability to complete housing element reviews within statutory deadlines (60 days for draft element and 90 days for adopted element. A housing element certified by HCD is a requirement for a number of loan and grant programs.

As a result of prior reductions, staff review of elements generally takes the full 60 days authorized by statute. Missing the statutory due dates is not an option, so the additional staff reduction will affect the ability to complete reviews of elements needed for loan and grant applications in a timely manner and limits the thoroughness of reviews and reduces/eliminates provision of needed technical assistance.

At a time when planning and housing development has become increasing complex and contentious, the Department has less staff to review and respond to complex housing elements and provide critical assistance to promote an adequate housing supply.

Reduces the Division clerical staff by 50 percent; leaving only one clerical to support 22 staff.

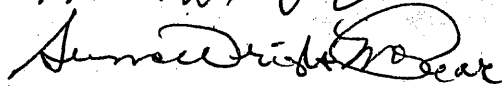
Department Director Approval:



Date:

3/11/04

Agency Secretary Approval:



Date: 3-15-04

Control Section 4.10  
Reductions By Program

Org. Code: 2310

Department: Office of Real Estate Appraisers

## How was reduction implemented?

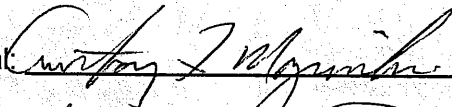
The Office of Real Estate Appraisers implemented its Control Section 4.10 reductions by eliminating a vacant Staff Services Manager I position and reducing its authorization for temporary help. OREA's total reduction was \$120,525.

## What was the actual effect of this reduction?

OREA had a Staff Services Manager I position that it was not able to fill during fiscal year 2002-03. The position was intended to provide coordination of OREA's remaining in-house administrative functions and direction and coordination of administrative functions performed for OREA by another department under interagency agreement. The elimination of the position has required OREA to redirect the functions of the Staff Manager I position to other staff, including program staff, within the department. Staff assigned responsibilities of the eliminated position are required to prioritize their administrative and program responsibilities. As a result, some administrative functions such as operational reports are not completed by required deadlines and program backlogs in licensing and in approval of appraisal education courses have grown. Applicants must wait longer for licenses and approvals.


Reductions in OREA's temporary help budget have had no actual effect, as OREA has not sought to hire temporary help employees.

Department Director Approval:



Date: 3/2/04

Agency Secretary Approval:



Date: 3-15-04

## Control Section 4.10 Reductions By Program

**Org. Code:** 2320

**Department:** Department of Real Estate  
Administration Program

The Department of Real Estate's Administration Program consists of the Personnel Services, Information Systems, and the Fiscal (Accounting, Budget, Business Services) Operations Sections. All of these units provide support services to the Department's line programs.

### How was reduction implemented?

The following vacant positions were eliminated:

- Data Processing Manager III
- Staff Information Systems Analyst (Specialist) – *Virus Protection Administrator*
- Office Assistant (General) – Fiscal Operations

### What was the actual effect of this reduction?

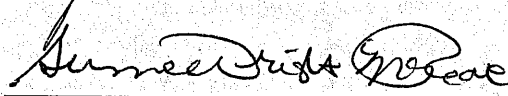
With the elimination of the IT positions, the remaining IT staff must absorb the duties of virus protection management, systems operations, procurement management, project management and oversight, contracts management, and systems administration. This impact correlates to implementation delays for existing system enhancements and new projects and also increases infrastructure risks.

Backlogs in cashing functions resulted from the reduction of the Office Assistant in the Fiscal Operations section. These backlogs have resulted in delays in making timely deposits to the State Treasurer's account. Also, the processing of credit card fee payments has been delayed. DRE has experienced an average annual increase of 53% in the number of credit card applications received for DRE fees and services over the past four years. The eliminated fiscal position assisted in credit card processing. Staff has been redirected to help address this situation and progress is being made to reduce processing delays.

During December 2003, the mail was backlogged. In January 2004, DRE received authority from the Administration to hire temporary staff who have since eliminated the mail backlog.

Department Director Approval: 

Date: 3/3/04

Agency Secretary Approval: 

Date: 3-15-04

## Control Section 4.10 Reductions By Program

**Org. Code:** 2320

**Department:** Department of Real Estate  
Enforcement Program

The Enforcement Program is mandated to enforce the provisions of the Real Estate Law and the Subdivided Lands Law in a manner that provides protection for purchasers of real property and those persons conducting business with real estate licensees. The Enforcement Program is composed of the Enforcement, Audit, and Legal Sections all of whom work in conjunction to accomplish the enforcement effort.

### How was reduction implemented?

The following vacant positions were eliminated:

- Deputy Real Estate Commissioner (2)
- Office Services Supervisor II
- Supervising Program Technician II
- Senior Deputy Commissioner
- Real Estate Counsel II
- General Auditor II (3)

### What was the actual effect of this reduction?

The Enforcement Program has experienced a 173% increase in the number of regulatory activities over the past three years; while there has been a reduction in staff in the Enforcement, Audits and Legal Sections. In addition to the reduction in staff, the Enforcement program has lost resources due to the redirection of staff to the Subdivisions Program. Enforcement activities and cases include license applicant background checks, consumer complaints against real estate licensees, licensee background follow-up, and investigations into unlicensed activities.

A real estate license is considered a property right and thus, licensees are entitled to constitutional due process with respect to license disciplinary matters. Once justified by the Enforcement investigation, the Legal Section then prosecutes violations of the Real Estate Law. During the time that the enforcement investigation, audit of the licensee's trust fund handling procedures, and administrative disciplinary hearing are being conducted, the accused licensee retains the license right and can continue to jeopardize consumers. To mitigate this situation, the goal of the Enforcement Section is to investigate all cases within six months. At the present time, approximately 42% of the pending cases are aged over six months and 18% are aged over one year.

**Org. Code:** 2320

**Department:** Department of Real Estate  
Enforcement Program (Continued)

Enforcement also pursues the investigation of original/renewal applicants with criminal histories. This workload has increased due to the significant number of license applications received. This, coupled with staffing limitations, has created processing delays and a backlog. The backlog contributes to delays in investigating consumer complaints against licensees which involve fraud, money handling, and misrepresentation.

As the number of cases received for prosecution increases, the backlog in Legal's filing accusatory pleadings against licensees who allegedly violated the Real Estate Law becomes pronounced. This increases the time involved in the license disciplinary process, which allows licensees charged with violations of the Real Estate Law to continue to conduct business at the risk of consumers until their license has been disciplined.

With respect to the Audit section, the number of proactive routine consumer protection audits of real estate businesses, mortgage loan brokers, and property management entities has decreased from 655 in FY 01/02 to 445 in FY 02/03 due to staffing constraints. Thus, the potential of a random routine audit has been lessened, which diminishes the deterrent effect to the industry.

In order to maintain a reasonable turnaround time on investigative audits (initiated as a result of a consumer complaint), performance of proactive routine audits is being maintained at a minimum level, with the focus being on those areas of licensed activity which present the highest risk to the public.

In general, the reductions in Enforcement Program staff coupled with increased investigative caseloads and backlogs have extended the timeframes for complaint resolution and license discipline.

Department Director Approval:

John Liberator

Date:

3/3/04

Agency Secretary Approval:

Suneel Dhillon

Date:

3-15-04

## Control Section 4.10 Reductions By Program

**Org. Code:** 2320

**Department:** Department of Real Estate  
Subdivision Program

The objective of this program is to protect the buying public through the qualification of subdivision offerings. This is accomplished through review of subdivision applications for compliance with the Subdivided Lands Law and the issuance of public reports. The public report is the basic disclosure document provided to purchasers of subdivided lands which sets forth the material aspects of the subdivision offering.

### How was reduction implemented?

The following vacant positions were eliminated:

- Office Assistant (General)
- Office Assistant (Typing)
- Supervising Program Technician I
- Program Technician

### What was the actual effect of this reduction?

The Subdivision Program lost four support positions. These positions answered telephones, performed initial file reviews, prepared document packages for review and evaluation, produced final public report documents, and performed miscellaneous clerical functions. Managers and professional staff have been performing these functions, which were previously handled by the support staff. Additionally, professional and managerial staff have absorbed the timeshare registration functions formerly processed at the support staff level. This expends professional staff time on support functions rather than on subdivision compliance reviews, thus delaying the subdivision offering approval process.

Additionally, the number of original filing applications received in 02/03 increased approximately 20% over the previous year. In 2003, Subdivisions received 3,652 applications, issued 3,300 final public reports, issued 1,523 preliminary public reports, processed 691 renewals/amendments, and issued 45 timeshare public reports.

As a result of the position losses and the increased applications, two positions were redirected from the Enforcement Program to the Subdivision Program and two vacant subdivision positions were authorized to be filled. This has helped alleviate the situation. Though processing delays have occurred, they are being addressed. This is critical as new home sales cannot commence until the subdivision offering is qualified and a public report is issued by DRE.

Department Director Approval: \_\_\_\_\_

Date: 3/3/04

Agency Secretary Approval: \_\_\_\_\_

Date: 3-15-04



## Control Section 4.10 Reductions By Program

**Org. Code:** 2320

**Department:** Department of Real Estate  
Licensing and Education Program

If a person wishes to engage in the real estate business and act in the capacity of a real estate broker or salesperson within California, a real estate license must first be obtained from the Department of Real Estate.

### How was reduction implemented?

The following vacant positions were eliminated:

- Program Technician II
- Office Assistant (Typing)

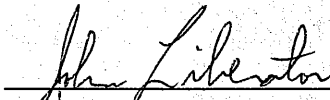
### What was the actual effect of this reduction?

DRE workload mirrors the real estate market which has been at historically high levels for the past three years. Comparing 00/01 to 02/03, salesperson exams are up 109%, broker exams have increased 84%, salesperson licenses have increased 91%, and Licensing telephone calls have increased 148%. Existing staff is not able to absorb these substantial increases in workload and position losses have compounded the problem, resulting in processing delays.

During FY 01/02, the time required to issue an original salesperson license was 10 weeks. During FY 02/03, the elapsed time required to issue an original salesperson license grew to 4 months. That timeframe eventually reached 6 months.

To mitigate staffing concerns and address the volume of applications, the Department has initiated operating efficiencies, enhanced its use of online technology, redirected staff and authorized overtime. With the support of the Administration, the Department recently hired temporary staff and filled vacant positions to help address the workload and reduce processing delays. Progress is being made and processing times are showing improvement.

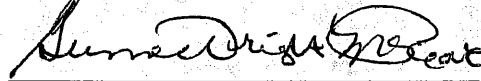
Department Director Approval:



Date:

3/3/04

Agency Secretary Approval:



Date:

3-15-04

Control Section 4.10  
Reductions By Program

Org. Code: 2400

Department: Managed Health Care

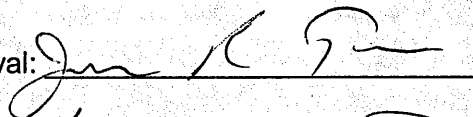
## How was reduction implemented?

The reduction was implemented as proposed, which was the elimination of 37 permanent positions.

## What was the actual effect of this reduction?

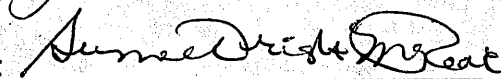
Attached is the impact of these position reductions to each of the program areas affected.

Department Director Approval:



Date: 3/11/04

Agency Secretary Approval:



Date: 3-15-04

## **Impact of Position Cuts**

The following is a summarization of the attached impact and analysis by position.

The impact to our clients and stakeholders in our ability to deliver services as a result of the elimination of 37.0 positions is as follows:

### **Office of Administrative Services (9.0 Positions)**

The impact is internal to the Department and has resulted in some backlogs, delays, longer processing time, less thorough reviews, reduced training and overall a less "service" orientation than desirable.

### **HMO Help Center (8.0 Positions)**

The impact is that some medical surveys done internally are being contracted out at a higher cost; more calls to the Call Center are being answered by external Call Center agents; and written complaints are taking longer to respond to, though still within the 30 day response requirement period.

### **Office of Health Plan Oversight**

The impact in the licensing area is that an increasing number of filings are closed without legal review; the loss of support staff has required attorneys to perform lower level work themselves, thus adding to the aforementioned problem; additional financial exams are being contracted out; and the lack of an Office Chief has resulted in less leadership and oversight of division-wide operations.

### **Office of Enforcement**

The impact has been that more new cases are opened each month than are closed; hence, the emerging of a backlog.

### **Director's Office (5.0 Positions)**

The impact in losing clerical support staff has caused backlogs to develop in certain areas and workload to be transferred to other departmental staff (please note: the impact has been less significant than it could be due to the number of vacant executive staff). The impact of losing a Staff Counsel assigned to the Financial Solvency Board has caused the reassignment of these duties to other departmental attorney staff.

### **Office of Legal Services (3.0 Positions)**

The impact has been a delay in meeting some deadlines, deferring projects of lower priority, and compromising the quality of the work product.

Control Section 4.10  
Reductions By Program

Org. Code: 2600\_\_\_\_\_

Department: California Transportation Commission

## How was reduction implemented?

Commission staffing has been reduced by 4.8 positions since 02/03. Two positions were lost due to the Section 4.10 reductions. Those positions were an Assistant Executive Director and a Staff Services Manager III. The other two positions were lost due to Executive Order D-71-03. Those positions were an Assistant Executive Director and an Executive Assistant. The other was a part time clerical position eliminated as an internal efficiency.

The Commission was authorized two new positions in FY 2002-03 Budget (Assistant Executive Director and Staff Services Manager III). These positions were not established immediately due to a shortfall in personal service dollars. After the shortfall was resolved, the Department of Finance denied the Commission the establishment of the new positions due to the hiring freeze and the positions were subsequently lost in the Section 4.10 exercise.

## What was the actual effect of this reduction?

The Commission realized a total of 4.8 positions or a 24% reduction in staff in FY 2003-04 to comply with the 4.10 Reduction Plan and Section 12439. It has been necessary to redistribute assignments for those lost positions to the remaining staff putting an enormous burden on the Commission. The Commission needs to reestablish at least two positions (Assistant Executive Director and a Supervising Transportation Planner – in place of the approved SSMIII). The reestablishment at a minimum would ensure that the resource level in the Commission is capable of continuing a reasonable degree of necessary, basic services required by the Administration and the Legislature.

Department Director Approval: Diane C. Eidan

Date: 3/15/04

Agency Secretary Approval: N/A

Date: \_\_\_\_\_

**Control Section 4.10  
Reductions By Program**

**Organization Code:** 2660

**Department:** California Department of Transportation

**Program:** 10 Aeronautics

**How was reduction implemented?**

The reduction was implemented by eliminating vacant positions and retired annuitants.

**What was the actual effect of this reduction?**

The major impact of the Section 4.10 reductions was 50 percent degradation in safety inspection activities. The cuts reduced the Department's ability to effectively conduct mandated aviation transportation system planning and to undertake new system improvement planning activities as they arise.

Cuts resulted in reduced ability to gauge traffic volume and "wear-and-tear" effects at most of the 221 General Aviation airports that do not have control towers or daily attendants to count traffic. Traffic counts are used to justify and validate funding grant aid requests. Existing staff will have to cover the traffic counting program at remote airports at increased operating expense (OE) expenditures, which will take time away from other mandated safety activities that staff conducts.

As part of the elimination of vacant positions, the program lost staff performing procurement, facilities management, equipment maintenance, and lead function over support staff. These duties were reassigned to other staff, already working at full capacity, causing significant delays in these activities.

**Program: 20.10 Highway Transportation—Capital Outlay Support**

**How was reduction implemented?**

In accordance with the requirements of Section 4.10 of the Budget Act, the Capital Outlay Support (COS) Reduction Plan included reductions in all fund types with impacts varying from 6 percent to 23 percent by fund. Reductions to safety-related programs such as Seismic Bond and Toll Bridge Seismic Retrofit were held at the mandated minimum level of 6 percent. The greatest reductions and impacts are to State Highway Account (SHA) funded work. Consistent with statute and workload priorities, the majority of the workload reductions in SHA funding

were made in pre-construction State Transportation Improvement Program (STIP). Workload and COS allocations for SHA-funded activities were prioritized as follows:

- On-going construction contracts.
- Pre-construction activities for safety and preservation projects.
- STIP pre-construction activities on fully programmed (100 percent capitalized) projects.
- Un-capitalized STIP projects (projects programmed only for pre-construction work).

State Highway Account (SHA) - State and Federal: Reduce project delivery efforts (State staff, overtime, and consultants) on pre-construction STIP projects. All State staff reductions are in this area. Program-wide reduction/suspension of STIP project development effort with resultant delivery delays on approximately 50 percent of currently programmed pre-construction work on STIP projects.

Toll Bridge Seismic Retrofit Account (TBSRA): Reduce architectural and engineering (A&E) consultants with delay to design efforts on remaining contracts on the east span of the San Francisco-Oakland Bay Bridge (SFOBB). Transfer State staff from SHA-funded workload to TBSRA to offset loss of consultants.

Bond: Reduce A&E consultants with resultant delay to pre-construction activities on remaining seismic retrofit projects.

Reimbursed – Bay Area Transit Authority (BATA): Reduce A&E consultants with resultant delay to pre-construction activities on toll bridge maintenance projects and Regional Measure 1 projects.

Reimbursed – Other: Reduce A&E consultants with resultant delay to pre-construction activities on project specific work to locals.

Transportation Congestion Relief Fund (TCRF): Reduce A&E consultants with resultant delay to pre-construction activities on TCRF projects.

### **What was the actual effect of this reduction?**

Impacts of the Section 4.10 reductions are broken down into three broad categories:

- Delays to projects.
- Loss of efficiencies, increased costs.
- System performance degradation.

### **Delays to Projects**

- Due to the reduction in State staff, cash overtime, and consultant resources, work was stopped on almost all STIP projects that were programmed only for pre-construction work, as well as approximately half of the pre-construction work on STIP projects

programmed for construction in later years of the STIP. This has resulted in at least a one-year delay on these projects, assuming that workload/resources are restored beginning next fiscal year. If resources are not restored, the delay to these projects will continue. Approximately 150 projects with a total value of over \$4 billion have been delayed as a result of these reductions and reduced funding.

### **Loss of Efficiencies, Increased Costs**

- The work stoppage addressed under the previous heading has resulted in lost efficiencies and will ultimately result in increased costs to these projects, both in support and in capital. Support costs will increase due to the inefficiencies of start-stop-start operations. Project teams will need to re-familiarize themselves with project details; new staff will need to come up to speed, and some level of rework will be necessary. Standards/requirements will have changed and will need to be reflected in the project documents. Field surveys may become dated and will need to be redone. Public outreach efforts may need to be re-energized, especially on controversial projects. In some cases, the environmental documents for projects will need to be re-evaluated, or even redone. Substantial time lost without progress may invalidate earlier work.
- Construction costs increase three to five percent per year. The cost of right-of-way acquisition can increase by many times that amount, depending on the local market. Delays on projects increase the actual cost to buy the necessary property and build the project.
- The magnitude of these reductions has forced the Department to move people and consultants off of STIP projects on to other ongoing projects. This resulted in some of the same inefficiencies described in the previous paragraph. It also increased operational and project costs as people or projects have been moved to different geographic locations to accomplish the work.
- The massive Toll Seismic Retrofit Program (TSRP) was and continues to be heavily dependant on consultant expertise to evaluate contractor submittals, which are necessary to keep the projects moving forward to completion. Any delay in review and approval of these submittals will result in the State paying substantial Time Related Overhead (TRO) charges. On the SFOBB Skyway project alone, the TRO charges are \$208,000 per day, plus equipment rentals. The budget reductions have significantly impacted the Department's ability to respond to these submittals. It is too soon to tell whether TRO charges will result, but it appears they may. Whether or not they occur, to date, almost the entire Structures Design staff is dedicated to evaluating these submittals, which is causing further delays to other projects.
- Reduced funding has limited the Department's ability to hire expert witnesses to assist with the construction claims process. Past records indicate that every dollar spent on claims expert witnesses result in a \$4 claim savings.

## **System Performance Degradation**

- Projects are identified based upon system performance needs. These can be as simple as the need for new pavement in order to eliminate rough pavement conditions, to the need to rebuild freeways or interchanges to improve capacity. Every month these projects are delayed, costs to the users of these facilities increase, while congestion increases, pavement conditions degrade, and safety issues develop. Timely delivery of transportation improvements is critical to reducing facility user costs and to improve mobility. Further, direct negative impacts to the economy of the State result without the efficient goods movement critical to the economic success of California.
- In a related manner, the lack of project delivery could lead to the accumulation of cash in the SHA. This cash needs to be invested in the system, not sitting idle waiting for projects to be delivered. Further, the accumulation of cash in the SHA masks the true magnitude of the lack of sufficient transportation revenues to keep pace with growth in the State.
- Lack of system improvements can also have a significant negative impact on tort liability costs. For example, as congestion increases, congestion related accidents also increase. This can and does lead to additional tort exposure. Timely project delivery is critical to the Department's efforts to minimize tort costs.

## **Summary**

While some of the impacts of the Section 4.10 reduction may be felt this year, the vast majority will be felt in the next two to three years. As a direct result of these impacts, project delivery, property acquisition, and construction costs will increase; projects will be delayed resulting in increased user costs and increased tort liability; and there will be an overall decline in system performance. The Department may experience significant TRO charges if staff cannot support the contractor's activities, and project claim costs will increase.

## **Program: 20.30 Highway Transportation—Local Assistance**

### **How was reduction implemented?**

The Local Assistance Program has implemented the reduction by eliminating overtime funds, reducing temporary help funds, and through attrition. Implementation of the layoff or transfers of staff to vacant positions in high priority areas will eliminate the remaining impacted positions.

### **What was the actual effect of this reduction?**

The program has already experienced a partial reduction of resources due to elimination of some funds and attrition.



These preliminary reductions in the SHA have resulted in less technical assistance available to local agencies for project eligibility, scope and scheduling issues, and training; the program is performing fewer field reviews, STIP amendment reviews, general inspections, and testing services. These reductions have resulted in a lower level of project delivery by local agencies. Last year delivery was 20 percent; current year delivery is six percent. This is based on information effective January 31 each year and is based on delivery against current year obligation authority.

Because the reductions were applied to all funds, the program was forced to decrease the size of the bridge inspection team, which will cause a backlog of bridges needing inspections that will exceed the two-year inspection requirement per bridge. Non-compliance with this two-year requirement could cause Federal Highway Administration (FHWA) to withhold Federal funds until the Department is in compliance.

The reduced level of reimbursed work resources has resulted in less assistance available to local agencies on a reimbursement basis.

#### **Program: 20.40 Highway Transportation—Program Development**

##### **How was reduction implemented?**

The reduction was implemented by the following actions:

- Vacant positions were abolished.
- All temporary help positions were eliminated.
- Cash overtime was severely restricted.
- Redirected operating expense funding to personal services funding shortfall due to Section 4.10 reduction.

##### **What was the actual effect of this reduction?**

- In Fiscal Year (FY) 2004/05, the lack of temporary help will increase lag time between when a collision occurs and the time information is put into Traffic Accident Surveillance Analysis System (TASAS), resulting in traffic safety investigations being delayed and safety projects not being identified in a timely manner.
- The full impact will be felt in the reduction of the research activities, outlined below.
  - Reduced intelligent transportation research.
  - Reduced winter maintenance research and geo-technical.
  - Reduced application of cross-cutting research products/technologies for end users.
  - Reduced Southern California intelligent transportation field operational tests.
  - Reduced Automated Highway Systems Research.

- Delayed completion of Geographic Information System (GIS) development and applications, similar to GIS application for Bay Area Incident Response System project, in support of environmental, planning, construction, and operations.
- Reduced data integration project staffing by 50 percent which significantly delayed ability to deliver project management tool designed to better manage and improve decision information for planned projects (Project Initiation Documents {PID}).
- Delayed contracts and equipment purchases due to redirection of operating expense funding to personal services funding shortfall.
- Reduced the feasibility studies activity that helps the districts assess highway conditions to identify highway system deficiencies based on highway performance conditions now and in the future. Reducing this activity lowers ability to identify needs early in planning process and to identify deficiencies and planning projects to address these deficiencies. Also impacts ability to negotiate for local funding and working relationships with regional partners; reduces ability to provide 20-year travel forecast data needed for Transportation Concept Report development.
- Cuts in temporary help will cause the lag time from the date a collision occurs to the time information is put into the TASAS to continue to grow. As a result, traffic safety investigations are being delayed and safety projects are not being identified in a timely manner. The lack of timely collection of this information will delay the Department's ability to identify and correct safety problems, leading to additional tort liability.
- Cuts in cash overtime will severely restrict usage of overtime for traffic census fieldwork, TASAS collision location coding, and truck weight study construction/maintenance oversight.
- An Associate Transportation Planner was eliminated from the State Highway Operation and Protection Program (SHOPP). This elimination reduced the program's ability to review California Transportation Commission (CTC) meeting items. Critical tasks for review of allocation requests were redirected to other staff, reducing the time they have available for processing and reviewing other items. This elimination reduces the program's ability to review CTC meeting items. Critical tasks for review of allocation requests were redirected to other staff; reducing the time they have available for processing and reviewing other items.
- An Associate Information System Analyst was eliminated from the California Transportation Improvement Program System (CTIPS) program. This reduction affected the program's ability to maintain CTIPS and make system modifications to keep pace with changing business needs and new legislative requirements. Lack of support staff has increased the risk of system and security problems, as well as caused longer delays in providing information and support to statewide customers (HQ, districts, FHWA, Federal

Transit Administration, Metropolitan Planning Organization, Regional Transportation Planning Agency). Statewide CTIPS training is reduced, thus affecting the Department and its partners' ability to fully understand, utilize, and manage the financial information in CTIPS.

- An Assistant Caltrans Administrator was eliminated from Resource Management. This elimination reduced the program's resource management capability. Liaison and actions with personnel is delayed. Critical tasks have been redirected; budget control and staffing changes are more difficult and takes longer to complete.
- Student assistants providing desktop and web site maintenance and support were laid off. The students performed all of the program's computer and web site maintenance. A retired annuitant performing critical Department financial analysis was eliminated. The retired annuitant was performing financial analysis (including the fund estimate) critical for project funding. Duties were reassigned in-house.

**Program: 20.65 Legal**

**How was reduction implemented?**

The reduction was implemented by attrition and not backfilling vacancies.

**What was the actual effect of this reduction?**

These reductions have created unsustainable workload increases and undue pressure on the remaining employees. Professional staff is overburdened with caseloads nearly doubling in some offices. As a result, morale is suffering and experienced people are resigning. This is a disturbing trend. Historically, most attrition in Legal has been from retirements, something that can be anticipated and managed through succession planning and training. Because of the specialized work associated with legal practice, no assistance is available elsewhere within the Department. During the last month, several supervising attorneys have demoted to rank-and-file because of inadequate staff resources.

Immediate impacts from such drastic staff reductions include less time being devoted to active cases as the result of workload triage, missed deadlines, resolution of fewer cases, increased backlog of legal work, and pushing back work to the client. These trends will accelerate without restoration of adequate staff. The program is currently defending roughly 2,000 active lawsuits seeking approximately \$3 billion (roughly equivalent to the Department's annual SHA), as well as providing critical day-to-day transactional support for the Department's multi-billion dollar project delivery program. Resulting unfavorable litigation results will have a corresponding negative impact on the Department's funds.

**Program: 20.70 Traffic Operations**

**How was reduction implemented?**

To implement the reductions, the Traffic Operations program (1) restricted training, travel, and general expenditures; (2) delayed and cancelled contracts; (3) dismissed student assistants and retired annuitants; (4) did not fill vacant positions; (5) redirected staff and workload; and (6) converted operating expense dollars to cover personal service dollar shortfalls.

In addition, the following functions were reduced:

- Toll Operations
- Traffic Management Teams
- Freeway Service Patrol
- High Occupancy Vehicle Monitoring
- Ramp Metering
- Speed Zone Surveys
- District Administrative Functions

Given that Traffic Management Centers (TMC) are one of the highest priorities for the Traffic Operations Program and the Department, as well as a highly visible activity for the Department, the TMC positions were the last positions placed on the reduction list. Subsequently, the Program was able to apply the vacancies abolished on June 30, 2003, to the reduction plan, thereby eliminating the need to reduce TMC positions. However, due to severe limitations in filling vacancies and funding staff overtime, reductions in TMC services have occurred statewide.

**What was the actual effect of this reduction?**

The following effects resulted from the reductions in the Traffic Operations Program:

**Toll Operations**

Toll Collector positions were reduced on the Bay Area toll bridges, resulting in:

- Increased use of overtime to maintain staffing of toll booths.
- Increased use of supervisory personnel to perform line operations.
- Delays to motorists due to lack of staff available to operate the number of booths necessary during peak demand periods.

Toll Bridge Tow Service was reduced, resulting in increased delays and congestion on Bay Area toll bridges due to reduced incident response capabilities.

### **Traffic Management Teams (TMT)**

Fewer personnel and equipment are available for TMT call outs (especially after hours). This resulted in:

- Reduced support for maintenance activities and special events (such as major sports events).
- Fewer deployments and longer incident response times.
- Increased congestion and the potential for end-of-queue accidents.
- Reduced ability to provide timely detour signing and advance warning of expected delays.
- Public relations with local agencies and special event sponsors are being negatively affected.

### **Freeway Service Patrol (FSP)**

All statewide FSP program data gathering and related workload was regionalized to one Northern and one Southern point of contact or transferred to the respective local agencies.

- Relations with local agencies are currently strained due to the sudden implementation of the reduction.
- Unless reimbursed for this work by the local agency (e.g. Metropolitan Transportation Authority), the Department's remaining regional representatives will limit oversight and cease local agency support services previously provided by district staff. (Support services include assisting local agencies in contract/contractor management, program enhancements, policy and procedure updates, archiving, training, and motorist response data analysis.)

### **High Occupancy Vehicle (HOV) Monitoring**

Hours expended on HOV monitoring statewide have been reduced. Mainline HOV and mixed-flow lane vehicle volume counts, occupancy counts, violation rates, and tachograph runs have been reduced 50-100 percent (depending on the district). These actions are resulting in:

- Unavailable and/or less statistically reliable data for managing the program and responding to critics of HOV lanes.
- Imminent slowdown in future HOV developments and improvements.

- Limited ability to pursue or implement HOV lane demonstration projects or other necessary pilot tests of proposed improvements, which causes the districts to be ill-equipped to manage their programs (i.e., changes in hours of operation, alternative access improvements, sign changes, etc.).
- Inability to develop effective marketing necessary to improve HOV utilization and system productivity.

### **Ramp Metering**

Personnel hours expended on ramp metering operations have been reduced, resulting in:

- Reduced field monitoring of existing installations.
- Increased delay and congestion due to infrequent adjustments of metering rates at existing locations and the inability to plan and turn on new ramp metering installations.
- Potentially decreased safety.

Public relations with local agency partners are being negatively affected.

### **Speed Zone Surveys (SZS)**

The number of staff conducting SZS has been reduced, resulting in complaints from cities, counties, and law enforcement because speed limits cannot be enforced by the use of electronic means (such as radar) when prior SZS have expired. The full impact will likely occur in the next one to three years as more SZS expire and are not updated.

The Department will likely come under severe criticism for not providing statutorily mandated SZS to support law enforcement and assist the courts in enforcing speed limits.

### **District Administrative Functions**

Traffic Operations cut one position in each of the six largest districts. With the Traffic Operations Program infrastructure reduced, there is a reduced need for Administrative functions as district personnel are reduced. The Administrative functions performed in the districts that are funded by the Traffic Operations Program are preparation, monitoring of budget and resource allocations and expenditures, staff time, reporting coordination, and training.

### **Traffic Management Centers (TMC)**

Due to severe limitations in filling vacancies and funding staff overtime, reductions in TMC services have occurred statewide, resulting in:

- Fewer and, in many cases, less-trained staff performing additional functions within the TMC while simultaneously covering an increasing workload (through population, workzone, and congestion increases).
- Fewer dedicated TMC staff (including during peak periods).
- Difficulty keeping the TMC functions available during the days and hours needed (especially during late night and weekends).

With continued loss of resources, TMCs will:

- Experience delays in repairing TMC and field traffic detection equipment.
- Have limited vigilance, coordination, and communications abilities.
- Be unable to continue implementing statewide standard systems necessary for performance measurement and analysis.
- Experience slower incident and weather response times for maintenance and traffic management crews, resulting in increased duration of incident and weather-related congestion and delays.

#### **Program: 20.80 Maintenance**

##### **How was reduction implemented?**

The Division of Maintenance reduced allocations to districts and HQ divisions based on an analysis of priority program workload, reducing allocations in lower priorities based on a model using prior year expenditures and level of service scores. The result was a modified zero-based budget that tried to ensure districts had sufficient resources to perform priority workload. In addition, the program reduced the amount of pavement major maintenance contracts and other operating expenditures to stay within operating expense budget limitations.

##### **What was the actual effect of this reduction?**

##### **Pavement Maintenance**

Large reductions in pavement major maintenance contracts have substantially decreased the preventive pavement maintenance effort. Pavement maintenance by contract and State forces is on a "worst first" basis with pavement repairs being done in response to the most urgent needs. Potholes are appearing more frequently as fewer crews are able to respond to pavement work and prevent potholes. The number of distressed lane miles is increasing as the overall pavement level of service is deteriorating. The liability exposure of the Department may increase relative to accidents in which pavement condition was a contributing factor. Complaints from local agencies and the traveling public have increased.

The long-term results will be increased costs for roadway rehabilitation. Studies indicate the roadway rehabilitation may be up to nine times more costly than preventative maintenance.

### **Snow and Storm Response**

Typically, districts mobilize as fully as possible to deal with snow and storm events. With reduced overall levels of maintenance forces, the number of employees that can be mobilized has been reduced, which has impacted the ability of districts to respond to winter weather. The result has been closures of snow routes, more chain requirements, and traveler delays, which creates frustration and complaints from the public.

### **Emergency Response**

Fewer maintenance forces has led to fewer and smaller crews, which has negatively impacted the ability of districts to respond to highway emergencies in a timely fashion. This has been particularly dramatic in rural districts where large areas served by a single maintenance crew have been left virtually unserved when reductions to the crew left one or two workers available for work.

### **Storm Water and Drainage Maintenance**

Reductions in State forces, including the inability to hire new maintenance employees to perform mandated Storm Water workload, will result in delays in performing routine drainage and Storm Water workload. This may cause an increase in Notices of Violations and fines to the Department from regulatory agencies for failure to meet Storm Water mandates. The end of the Culvert Inspection pilot project will result in fewer inspections of drainage facilities. The combination of less maintenance and lack of inspections will mean a greater chance of culvert failures, with the increased repair costs and dangers to the traveling public that accompany culvert failures. Clogged drainage facilities or other failures lead to flooding and road closures. The reduction in maintenance forces will delay response to highway flooding and drainage obstructions/failures, increasing the danger and inconvenience to drivers.

### **Electrical Maintenance**

The inability to hire new electricians has severely hampered the ability of districts to maintain all electrical infrastructure. Because lighting, signals, and other electrical elements are important safety and traffic operations elements, less maintenance threatens some of the Department's most important priorities (mobility and safety). Electricians are the only maintenance forces that can perform these functions, the loss of electricians to retirement or to other employers cannot be made up by non-electrician maintenance workers. The result will be delays in repairs and preventive maintenance in some areas in order to respond to the highest priority electrical repairs.



### **Traffic Guidance Maintenance**

Decreases in maintenance forces have created delays in responses to important traffic guidance elements, such as guardrail, median barrier, signs, striping, etc. Although traffic guidance elements are a priority, delays will lead to a lower level of service in some elements. Districts will have to prioritize to ensure that the most urgent needs are addressed first, while others will be deferred.

### **Bridge Maintenance**

Reductions in State forces have reduced the size of bridge maintenance crews and further limited the ability to perform needed bridge maintenance. Currently, backlogged bridge maintenance work (work over two years old) is nearly \$100 million, and will only increase in the future as available resources continue to decline. Failure to perform bridge repairs and/or preventive maintenance leads to more rehabilitation needs and much higher costs. A reduction in the number of Bridge Inspectors has led to the inability of the Division of Maintenance to meet the federally-mandated two-year bridge inspection cycle.

### **Roadside Maintenance**

Less frequent weed control, litter removal, and tree pruning have made the highway roadsides much less attractive. Maintenance resources are becoming focused more on those issues that provide for a safer highway (i.e. visibility, fence repair, the removal of dead and dying trees, and the removal of highway debris from the travel way). Reduced resources for mowing and spraying of "fire prevention strips" along highway roadsides and medians may increase the threat of summer brush. Delays in responses to public complaints regarding aesthetics are common as fewer crews are available to address community issues. The overall level of service of highway roadsides will continue to deteriorate as resources are reduced.

### **Rest Area Maintenance**

Reductions in State forces will result in the less frequent repair of rest area plumbing, electrical, and structural elements. This will force the more frequent closure of rest areas, and an increase of public complaints due to inoperable toilets and other facilities. The lower level of service at rest areas will lead to a reduced safety benefit as tired drivers stop less frequently at poorly maintained rest areas.

### **Landscape Maintenance**

Weed control, litter removal, tree pruning, and other aesthetic activities in highway landscaping are occurring less frequently, leading to less attractive landscaping. Repairs to irrigation are less timely, leading to increased loss of plants dependent on irrigation during the spring, summer, and fall. The ability of maintenance forces to preserve the huge capital investment in highway landscaping is being eroded, leading to the need to rehabilitate landscaped areas much more frequently than planned. Communities that desire attractive highway "gateways," particularly

those communities that paid for the landscaping, will become increasingly dissatisfied with the condition of the landscaping. The response to complaints will be delayed as fewer crews deal with more complaints. The landscape level of service will continue to fall.

### **Overtime**

Overtime reductions have reduced the ability of districts to use seasonal work windows to perform certain peak workload during specific times of the year. For example, seasonal herbicide spraying provides for the most effective weed control, but requires increased effort during limited windows of opportunity. Overtime provides for this increased effort so that crews can work weekends to cover the areas that will benefit from the spraying. In addition, overtime allows for the most efficient use of resources in some day-to-day operations where travel and set-up time limit the amount of actual productive time a crew will have at a work location. By using overtime, the same crew will be able to work more productive hours and reduce the repetition of travel and set-up hours at a particular work site. Lack of overtime also reduces the ability of districts to mobilize sufficiently for snow and storm events during winter months. To stay within overtime allocation limits, districts have stopped planned overtime work to preserve overtime resources for response workload. These decreased activities have increased traffic delays to the motoring public.

### **Program and Employee Support**

Reductions in supervisory and support staff in HQ, district offices, and region offices have caused shortages in crew supervisors, reduced the ability to provide oversight for the Adopt-A-Highway program and other special programs, disrupted training, delays in performing routine office support functions, reduced staff availability for Level of Service reviews, and hindered other support activities.

### **Program: 30.10 Mass Transportation**

#### **How was reduction implemented?**

The Division of Mass Transportation reduced all staff involved in TCRP activities, eliminated the administrative staff supervisor, and gave up an office chief position.

#### **What was the actual effect of this reduction?**

Delays in processing resource management, personnel, training, travel and other routine office support requests have resulted from the reduction of the administrative supervisor. Reduction of an office chief position has reduced the ability to provide oversight to one of two offices in the Division.

Several options to organize differently are being considered to prioritize the Division's functional activities, and mitigate the loss of the two supervisory positions.

**Program: 30.20 Rail**

**How was reduction implemented?**

The Division of Rail reduced resources to the districts for support on North Coast Rail Authority issues. The Rail Program no longer reviews rail proposals and/or rail inspections of track facilities for the North Coast Rail Authority. District 01 is required to make rail decisions without rail expertise. The Rail Program will be unable to review or participate in the development of regional long term plans, of the North Coast Rail Authority for the rail line, that runs between Novato and Eureka, along the 101 corridor.

The Division of Rail also cutback on preparation of project study reports, project monitoring, and allocation requests; reduced coordination with local agencies on intercity and commuter rail projects and capital improvements.

**What was the actual effect of this reduction?**

The Division of Rail no longer reviews rail proposals and/or rail inspections of track facilities. Districts are required to make rail decisions without rail expertise.

Without the improvements, more frequency and reliable service have been impaired or hampered. Commuter rail has been negatively impacted wherever intercity and commuter rail share facilities.

**Program: 40 Planning**

**How was reduction implemented?**

The reduction has been implemented through the significant attrition of positions and redirection of resources. These positions and resources have not been restored.

**What was the actual effect of this reduction?**

The oversight, guidance, and direction of policy, regulatory, and statutory requirements have been reduced to a level of vulnerability, which results in negative audit findings, liability, inaccuracies in air quality conformity, and delays in project planning, financing, and ultimately project delivery. Public and stakeholders' participation through the transportation planning process, intergovernmental review, environmental justice, and Title VI outreach is greatly reduced in the initial planning stages for short-and long-term regional and statewide solutions. These actions reduce revenue and require redirection of resources for future STIP and SHOPP project delivery.

The numbers of STIP Lead, STIP Quality Assurance, and SHOPP Project Study Report products have been reduced to a level commensurate with estimated reductions in STIP programming capacity. Only nearly-complete STIP and other non-STIP PIDS needed to meet programming

targets, specifically safety projects in the SHOPP or local measure projects, receive resources for completion or updates.

The number of system planning documents and frequency of updating those documents required for PIDs development and other project delivery decisions have been reduced. This limits the ability of the Department to work as a full partner with regional agencies, modal agencies, cities, and counties in corridor planning leading to project selection.

Due to the reductions, the Department's ability to influence local land use and transportation decisions, context sensitive solutions, and environmental justice in the early stages of local project development has been reduced. The Department is less able to negotiate "pro-actively" with local agencies and developers to avoid negative impacts to the State transportation system in the early planning stages. This results in "reaction" to proposed development late in the game through the California Environmental Quality Act (CEQA) process, which may delay project delivery or negatively impact the State transportation system.

The information included in the California Transportation Plan has not been fully geographically displayed in maps to all stakeholders, due to lack of resources for California Transportation Investment Strategy (CTIS), GIS workload.

The owner-operator portion of clean up contamination has been eliminated.

With fewer regional planners, less strategic planning, specifically tied to the goals for a better transportation system in collaboration with local transportation agencies will occur. This adversely impacts monitoring regional agencies' goals from a statewide perspective and developing appropriate mitigation strategies.

The Department of Transportation Planning is less able to provide fiscal analysis to management in HQ and districts, including expenditures, allocations, and personal services.

The entry-level planner internet exam has been suspended and all other planner series promotional exams have been eliminated leaving no pipeline for future hiring. The impact to the public is a Transportation Planning workforce that is less qualified and trained, which is compounded by the reductions in resources. These shortages leave the program with critical staffing needs in a particular area of expertise in planning that will not be met.

The loss of resources reduces our ability to provide goods movement analysis and expertise to our stakeholders, particularly as they relate to truck movement planning issues and capital project selections. The Department's ability to influence and advise Metropolitan Planning Organizations and other transportation agencies regarding the impacts of goods movement issues in their plans, as well as programming decisions of goods movement projects, (trucks, ports and freight) is decreased. Adequate resources are necessary to affect positively the State's transportation system and the economy.

**Program: 50 Administration**

**How was reduction implemented?**

The Administration program has reduced allocations to all districts and divisions statewide. Staffing levels are being reduced through attrition, most temporary help staffing and all student assistants have been released. Operating expenses have been reduced to bare minimum levels leaving the program to fund only mandatory expenses, deferring all other expenses to future FY.

**What was the actual effect of this reduction?**

In summary, the Administration program has been reduced to its lowest level since FY 1996-97. All administrative areas within the Department have been significantly reduced or eliminated. These impacts are evident in providing services to all programs within the Department, responding to external inquiries and maintaining office facilities. Administrative services statewide are being delayed, deferred, and/or eliminated. While some of the impacts of the Section 4.10 reductions may be felt this FY, the majority of the service level impacts will be felt next FY and beyond.

The impact of disapproval of a 32-position redirection to Administration is pending further discussion. If these reductions are made in the areas previously identified, there will be further effects in Accounting (16 positions) and Information Technology (IT) (16 positions), and the impacts are discussed within the IT and Accounting sections of this document.

**Information Technology**

To meet the requirements of Section 4.10 of the Budget Act, HQ IT will experience up to an 80 percent reduction in staff that perform IT Projection Management and Compliance Reporting. The Department will not have resources to support special requests from Agency and external control agencies. It will be difficult for the Department to comply with State rules and regulations governing IT and delay Department of Finance (DOF) approval of future projects.

The reductions will also cause 100 percent elimination of the Department's Help Desk Function and Key Data Entry Function. Lost Help Desk services include centralized customer support; personal computer and workstation support, and problem resolution, standardization of equipment and software, and equipment testing and deployment. Key Data Entry functions for the Division of Accounting, now being performed by Permanent Intermittent personnel will have to be contracted out resulting increased costs.

The Department will also see a nine percent reduction in the Enterprise Applications Division where staff supports departmental applications. Future enhancements to the Transportation Systems Network (TSN) and other applications will not be possible.

The impact to IT of disapproving the additional 16 of the 32-position redirection to Administration will have the following impact:

- The Division will eliminate 100 percent of the Telecommunications Branch and no longer be able to supply desktop and conference room video telecommunications and conferencing activities; telecom and wireless engineering provided to the TMCs, centralized acquisition and management of telecommunications equipment and services such as cell phones, pagers, land-line phone services and voicemail. Loss of the Telecommunications Branch will result in higher costs to the Department. In addition, HQ IT will have an additional 6 percent reduction in the Enterprise Applications Division. Eliminating this staff will force the shutdown of various applications, including the Budget Monitoring System, Caltrans Accounts Payable System, and the Director's Office Tracking System. Future enhancements to the TSN and other applications will not be possible. These systems directly support the Department's ability to manage funding, expenditures, and policy implementation; thereby adversely affecting capital projects delivery, transportation system operations, and maintenance of the transportation infrastructure.

### **Accounting**

The Accounting Division has targeted reductions in areas that do not jeopardize the Department's obligation to pay vendors and contractors on time or prevent/delay revenue collecting activities. Reductions have been taken in areas broadly categorized as:

- 1) Non-compliance with State or Federal requirements-priority was given to bill collecting and billing paying; therefore, the Accounting Division had to reduce in State-and Federal-required activities.
- 2) reduced services and information for internal and external customers.

For example, the FHWA requires that construction projects be "closed out" within a specific timeframe after completion. The reductions have resulted in delays in final "close out" of projects thus reducing Federal receipts and reduced fund availability. This also will result in increased audit citations and FHWA sanctions.

Reductions have also impacted the Department's ability to track/manage the inventory of equipment and other assets as required by the State Administrative Manual. From a financial standpoint, this will result in misstatement of assets, expenditures, and audit citation. However, the reduced oversight over the Department's assets may also lead to fraud and unaccounted properties.

The reductions in accounting services/information include delays or inability to provide financial data to Departmental programs and districts to assist in managing resources, as well as external customers (e.g. control agencies). There has also been a reduction in employee services: delays in processing Travel Expense Claims, delays in distributing warrants/checks, fewer days to purchase transit tickets and reductions to other employees' services.

Activities related to cash handling for the State's toll bridges must be contracted with a private vendor. The Department has not yet completed the process for contracting out this work but some reductions have already occurred in this area. In the interim, a contract for temporary help staff to perform this work has been let by the BATA (not the Department) and they are funding the cost directly. This BATA contract may be challenged as inconsistent with State law, if the Department's contracting out request is disapproved by the State Personnel Board.

The Department's plan to contract with a private vendor for the cash room activities is in jeopardy because of the potential layoffs. If the Department is not resourced to count and deposit cash, the State's ability to meet outstanding bond covenants is compromised and funding of major projects such as the Skyway may be jeopardized.

The Division has targeted reductions in areas that do not jeopardize the Department's obligation to pay vendors and contractors on time or prevent/delay revenue collecting activities. If the Division does not receive the 24 redirected "Professional Engineers in California Government concession" positions, the result will be annual delays in processing approximately 1,700 payments to local agencies totaling \$289 million and delays in processing 100,000 vendor invoices annually, resulting in \$511 million in delayed reporting of expenditures.

Additional reductions will also impact collecting revenues (e.g. rentals from right-of-way properties), abatements (e.g. damages to highway facilities/assets), and reimbursements from local agencies. A one-year estimate is \$64 million of delayed cash collections owed the Department with associated lost interest revenues of \$600,000.

### **Human Resources**

Reductions within the Division of Human Resources (DHR) will significantly impact service levels to all programs and departmental employees as noted below.

- Eliminated the Student Assistant Program within the DHR.
- Eliminated the development of classification projects/studies.
- Eliminated ability to certify eligible lists for districts and programs.
- Eliminated the supervision/management of the DHR Staff Central team and reduced Help Desk services.
- Eliminated Recruitment Program, except for Adopt-A-School (a long-term recruitment effort).
- Eliminated Workplace Violence training resulting in increased costs to programs and districts.

Reduced by 50 percent the ability to conduct Managerial Selection Demonstration Project exams. Significantly reduced the ability of DHR to respond to programs/districts in administering examinations.

Reduced safety services such as ergonomics, safety facility inspections, and industrial hygiene monitoring.

Increased the employee roster size for payroll specialists from the statewide standard upper limit of 250 to approximately 400; thereby increasing delays, grievances, salary advances, and accounts receivables; increased processing time of appointment documents. (DHR has been able to reduce by two weeks the number of days to process an appointment document for last FY.)

### **Training**

Eliminated district training staff and reduced training registration, tuition advancement, and invoice payment. Eliminated production and streaming of training-related videos. Reduced technical support for the E-learning classroom, Division of Training employee workstations, and videoconferencing activities.

### **Labor Relations**

The reduction of Labor Relations staffing reduced professional services to managers and supervisors, and diminished accuracy and timeliness of grievance responses.

### **Procurement and Contracts**

Reduced procurement/contract staffing level resulted in increased processing and contract language errors, significantly reduced contract manager training, increased abuse of CALCard privileges, increased audit citations, mismanaged contracts, inventory discrepancies, board of control claims, increases in protests/ disputes, and increased workload due to error resolution. Other results include backorder increases due to increased processing time for complex orders, increases in interest penalties, project delivery impacts, public safety, board of control claims, and public complaints.

Reduction of warehouse staff resulted in increased backorder levels from 8–10 percent to 15-20 percent, which will adversely impact timely shipment of project delivery materials by increasing turnaround time from five days to 15 days. Shipping delays caused project delays, thereby impacting public safety, increased interest penalties, board of control claims, and public complaints. Increased inventory discrepancy rates also increased to 25 percent.



### **External Affairs**

Resulted in the reduction and potential elimination of reproducing hard copies for internal publications i.e., the Journal and the Department's monthly newsletter. In addition, the Department reduced photography services provided statewide.

### **Business Services, Facilities and Security**

Deferred preventive maintenance for HQ State-owned facilities, delayed completion of building repairs, and reduced facility customer service. These deferrals will result in:

- Facilities inefficiently maintained.
- Future increased facility repair/maintenance project costs (example: roof repair vs. roof replacement).
- Disruption to staff should facility need to be vacated to complete repairs.
- Impact to employee productivity.
- Potential need for temporary space/including funding to cover temporary leases, relocation, etc.
- Compliance with CalOSHA, State Fire Marshal, and California Building Code.

Eliminated the in-house facility space planning, modular systems furniture design services for office facilities, new construction, TMCs, renovation projects and modular reconfigurations.

The reduction of business services and facilities staff resulted in the elimination of microfilm services for contract plans, encroachment permits, and aperture cards of as-build drawings. Support for the Department's Kodak Computer Assisted Retrieval and the Document Retrieval Systems was eliminated. Administrative support to the California Public Records Act was also eliminated. Reduced the service level of the reprographics unit resulting in longer delivery times. Eliminated the mail center from Farmers Market plaza and consolidated services into the HQs mail center; reduced mail courier delivery from twice per day to once.

Reduced level of support on New Facility Construction Project Team, e.g., participation in the development of design guidelines and performance criteria for the design builder's Request for Proposal and contract, the mitigation of construction-related issues with the respective control agencies, the development of budget changed proposals, project scope changes, space program analysis, move coordination, project management coordination with district and Department of General Services (DGS), progress meetings, and project analysis and decisions.

### **Audits and Investigations**

Reduced Audits staffing level. This resulted in a reduction of the number and timeliness of required pre-award audits and increased turnaround of project delivery pre-award audits by 15 days.

## **Budgets**

The Division is reducing staffing levels through attrition. Unfortunately, the attrition has occurred in some of our highest priority workload areas. It takes at least two years of training to enable the staff to be productive so they can develop innovations to our processes. It also takes about two years for staff to fully experience and grasp the cycles and complexities of the budget process. The staff person responsible for the Fund Estimate has recently left the Department. We have also lost the employee that runs the cash forecast model and another employee who had the technical ability to back-up several key Budget staff. Attrition is also expected to impact the support the CTC by decreasing the inability to process the CTC project book items, review and approve project fund requests, and match funding documents to budgetary capital appropriations level and allocation plan. In addition, the reductions have impacted the timeliness of our review of technical documents, budget change proposals, Budget Act section letters, and allocation change documents. The reductions have also caused delays in providing documentation required by the FHWA prior to proceeding with construction as well as awarding contracts by the Department. There are delays in project funding, in addition to the possibility of Federal ineligibility and loss of Federal funding for projects.

## **Civil Rights**

The impact of staff reductions in Civil Rights will result in delays in completing Title VI and Title VII discrimination complaint investigations with the 120 days mandated in Federal and State laws; completing Americans with Disability Self Evaluation Reviews of facility and project delivery projects; certifying Disadvantaged Business Enterprises (DBE) within 90 days of receipt of application; significant delays certifying minority and women owned businesses; completing contract evaluations for compliance with the DBE and Disabled Veteran Business Enterprise goals within seven working days; completing the required annual 260 Equal Employment Opportunity (EEO) Contractor Compliance reviews; completing the required Title VI compliance review of Department's programs and local agencies receiving United States Department of Transportation funds; and completing required DBE and EEO-related monthly, quarterly, and yearly reports to Federal and State control agencies.

The impact also includes a 60 percent reduction of resources for the DBE mentor-protege statewide program. The number of mentor-protégé clients is being reduced from 40 to 5. The Department reduced involvement in marketing and outreaching to small businesses on how to do business with the Department. As a result, the Department may not meet the 25 percent small business goal. The Department eliminated classroom training on Title VI and is converting to self-training with a compact disc. The Department also reduced the staff support for the September 2004 American Association of State Highway Transportation Officials National Civil Rights Conference. The Department is the host and coordinator of the conference.

## **Innovative Finance**

The reduction of Innovative Finance staffing level eliminated the development of Franchise Agreements relating to the development of Public/Private Partnerships and the monitoring and

reporting on the operational and financial performance of the existing and future toll road operations.

### **District Administrative Support**

Reduced service in support of legally required public hearings of new projects, resulting in a reduction of vital communication with the public. Eliminated support of ribbon cutting ceremonies for new projects reducing partnership with the locals. Close or severely limit district records and documents library, which would limit the up-to-date information to the Engineering staff. Training will be reduced to provide minimal support levels, working only with mandated training. Delayed or deferred building repairs in the districts. In some areas there will be no on-site building manager requiring all support to be provided long distance via email or telephone. Reduction of district computer application training service staff will result in increased operating costs through the use of outside vendors providing training on new applications and upgrades. Website will not be adequately maintained in the districts, therefore negatively impacting accessibility and accountability to the public. Reduction of IT Help Desk support will create delayed responses which adversely impacts the district's ability to conduct business and project delivery. Reduction in support staff reduces the district's ability to assist walk-in customers seeking assistance and for external/internal telephone customers seeking direction from appropriate staff.

### **Program: 60 Equipment**

#### **How was reduction implemented?**

The Equipment program eliminated positions at HQ and District Equipment Shops statewide based on the prioritization of workload. The tasks and activities associated with these positions were eliminated or the level of service reduced. Other components of the Equipment program's reduction plan included (1) restricted training, travel, and general expenditures; (2) dismissed student assistants and retired annuitants; (3) did not fill vacant positions; and (4) redirected staff and workload.

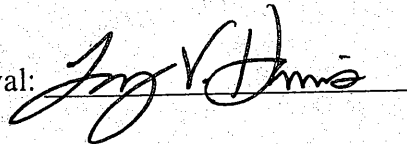
#### **What was the actual effect of this reduction?**

There is a noticeable depreciation in the ability of the Equipment program to maintain its essential services and operations required under the Streets and Highways Code, Sections 140 and 140.3. The reductions impact the Equipment program's ability to purchase, repair, and service equipment for use by the Department's Divisions of Maintenance, Traffic Operations, Construction, and other programs. More specific impacts include the following:

- Reduction in number of mechanics resulted in delays in returning vehicles and equipment to Maintenance, Traffic Operations, and Construction field staff in a timely manner. The equipment delays impact the ability of field staff to construct, maintain, and operate the State Highway System in an efficient and effective manner.

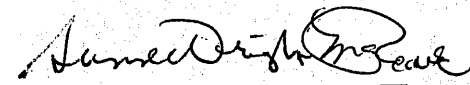
- Reduction in fleet management, district shop management, and supervision resulted in reduced coordination with district maintenance and operations activities and customer support in both HQ and District Equipment Shops statewide.
- Reduction in oversight of vehicle safety inspections and repair resulted in reduced technical assistance to mechanics in the field.
- Inability to transport equipment to the field in a timely manner.
- Increase in commercial repair costs because of fewer in-house mechanics to work on the equipment.
- Delays in getting fleet equipment to commercial vendors for repair because of fewer staff available to schedule and process the work requests resulted in delays in returning vehicles to customers in a timely manner.
- Reduced ability in purchasing parts, supplies, etc. needed for the repair and maintenance of the fleet equipment resulted in delays in timely repairs, thereby causing delays in the return of vehicles to the customers.
- Resources to provide service and repairs for State-supplied vanpool vehicles were eliminated with the vans to be replaced with commercially leased vehicles. Until all of these vehicles are replaced, repair work will be done through commercial vendors, which is more expensive than in-house mechanics.
- Resources for auto pool attendants were reduced. Districts are absorbing the work and/or considering the use of DGS or commercial rental vehicles. There are some locations where the DGS or commercial rental vehicle alternative is not available and/or not cost effective.

Department Director Approval:



Date: 3/10/2004

Agency Secretary Approval:



Date: 3-15-04

Control Section 4.10  
Reductions By Program

Org. Code: 2665

Department: California High-Speed Rail Authority


How was reduction implemented?

In order to comply with the requirements of Control Section 4.10 the California High-Speed Rail Authority (Authority) reduced the total PY's from 4 to 3.5. The .5 PY reduction was accomplished through reducing the Staff Services Analyst position. The Authority has complied with Control Section 4.10 with the submission of the standard 607 to formally reduce the PY.

What was the actual effect of this reduction?

During the process of preparing the reduction plan the Authority expressed serious concern regarding the effect this reduction would have on our ability to effectively conduct business and suggested that in lieu of permanently reducing the SSA position that a temporary reduction of the Executive Director position (currently the Authority is realizing salary savings due to the Executive Director position being filled by a retired annuitant) would result in greater savings to the state than the reduction of the SSA position, however this suggestion did not achieve permanent PY reduction objectives of Control Section 4.10.

Due to the nature of the Authority's work, a \$33 billion infrastructure project which impacts the majority of California's population, the Authority found it infeasible to reduce the only support staff person to half time. Since the implementation of Control Section 4.10 the Authority released the draft program EIR/EIS and has commenced the public review process which requires a great deal of interaction and coordination with other federal, state and local agencies as well as the general public. It is impossible for the Authority to respond to requests for information and to conduct the day-to-day business with 3.5 PY's, therefore the Authority has elected to continue to employ the incumbent full-time and fund the .5PY out of salary savings in order to continue the business of the Authority. The Authority is pursuing the reestablishment of the .5PY in the budget year to maintain the level of service we are currently offering.

Department Director Approval: 

Date: 3/12/04

Agency Secretary Approval: \_\_\_\_\_

Date: \_\_\_\_\_

Control Section 4.10  
Reductions By Program

Org. Code: 2700

Department: Office of Traffic Safety

## How was reduction implemented?

The Office of Traffic Safety's (OTS) Section 4.10 Reduction Plan was approved eliminating one Staff Services Manager I position to achieve the mandated savings of \$65,000.

The incumbent in this position was placed on SROA/Surplus status on May 16, 2003, and was subsequently hired by Department of General Services on July 7, 2003. Therefore, OTS will achieve the Section 4.10 Reduction of \$65,436 for the 2003-04 year and each year thereafter.

## What was the actual effect of this reduction?

The elimination of this position has hampered OTS's ability to research and gather data to provide detailed analysis of legislative bills and to attend meetings with special interest groups to provide assistance and guidance to public and private organizations in formulating interpretations of traffic safety policies and issues. Also, OTS has redistributed some of the special projects workload to other units such as golden rod correspondences, responses to citizens concerns and various e-government activities.

However, the elimination of this position has had no significant impact on the ability of OTS to carry out its mission of administering the Highway Safety Program or providing the highest quality of service to our constituents and key stakeholders.

Department Director Approval: \_\_\_\_\_

*C Murphy*

Date: \_\_\_\_\_

*3-5-4*

Agency Secretary Approval: \_\_\_\_\_

*Sumedha Singh*

Date: *3-15-04*

## Control Section 4.10 Reductions By Program

Org. Code: 2720

Department: CA Highway Patrol

### How was reduction implemented?

#### Staff Reductions:

Starting in 2003-04, 50 uniformed and 100 nonuniformed positions were permanently eliminated in connection with Control Section 4.10. In addition, the equivalent of 144.5 uniformed positions will remain vacant as part of a requirement to fund employee compensation increases internally. With full-year costs starting in 2004-05, the vacancy savings requirement increases to 270 uniformed positions, bringing the total staff reduction to 320 uniformed and 100 nonuniformed positions.

#### Fiscal Reductions:

To fund the 2003-04 fiscal obligation for employee compensation of \$41.7 million, the CHP redirected an additional \$26.5 million of support funding (in addition to the vacancy savings of \$15.2 million). In 2004-05 and each year thereafter, the CHP will redirect \$26 million of support funding (in addition to the vacancy savings of \$28.4 million) to fund an ongoing obligation for employee compensation of \$54.4 million.

### What was the actual effect of this reduction?

Based on employee compensation changes authorized in the various collective bargaining unit agreements, the CHP calculated the 2004-05 fiscal year impact to be \$54,393,000. With no additional funding to offset these costs, the CHP identified a two-step plan: reduce spending levels to create savings of \$25,989,000 and maintain 270 unfilled uniformed positions to create excess salary savings of \$28,404,000.

The excess salary savings commitment relied on an assumption that uniformed positions would vacate at a rate typical of the last two years. During the current year, uniformed vacancies have not occurred anywhere near the anticipated rate and the situation is not expected to reverse itself during the budget year. Many uniformed staff have decided to postpone their retirement to take advantage of the pay increase

effective July 1, 2004. It is unknown at this time whether the pay raise effective July 1, 2005 will further delay retirements. Because vacancies have failed to materialize, the CHP was compelled to make additional drastic reductions in operating expenses to take the place of the salary savings. These reductions include deferring facility maintenance and repair, minimizing equipment replacement and stock inventories, limiting training and travel expenditures, and restricting overtime activities for pro-active enforcement duties. At this time, the reductions appear to be adequate to avoid a deficit spending level.

While operating under such severe limitations for a short duration can be accomplished without posing a threat to officer and public safety, this is not the case if the limitations are allowed to continue for an extended period. It is anticipated that as attrition returns to previous levels and salary savings goals are met, the reductions to operating expenditures will be eased.

Ultimately, the reduction of 320 uniformed positions and funding undoubtedly will impact the CHP's ability to maintain service levels. Because road patrol is the foundation of CHP operations, the CHP is committed to deflecting any impact that staff reductions would have on these activities. Instead, the impact of staff reductions will be incurred by those activities that are secondary to CHP's core mission, including, but not limited to, reduced hours of operation at interior (not port of entry) Inspection Facilities, 50 percent fewer multi-disciplinary accident investigation teams, reduced Air Operations hours, reduced/suspended resources in the Safety and Farm Labor Vehicle Education Program, reduced resources in the Biennial Inspection of Terminals Program, and suspension of community outreach programs.

The loss of uniformed staff resources will have negative long-term consequences. As hours of operation decline at the various Inspection Facilities, fewer trucks will be scrutinized and the potential for harmful, if not deadly, contraband traveling to the major population centers will increase. Commercial vehicles with mechanical failures will go undetected and tragedies may result. Without Officers available to communicate safety issues to at-risk groups, such as non-English speaking communities, the Mileage Death Rate (MDR) for these groups will not be improved.

As a public safety organization, the CHP must be prepared to deal with emergency situations swiftly and effectively. Severe spending limitations may prevent the Department from adequately maintaining the infrastructure that supports our operations. For example, the CHP relies on a comprehensive communications and data network to meet its public safety obligations. Specific standards have been developed to ensure that the network provides timely communications with the highest degree of reliability among its users. The need to replace, enhance, and expand the network becomes crucial as technology advances, the Department's requirements change, and segments of the existing network become outdated and prone to malfunction. Failure to maintain the operational integrity of the network will render it ineffective for both routine and emergency services, which in turn will jeopardize the safety of patrol Officers as well as the public.



The loss of staff and funding flexibility has eliminated the Department's ability to contend with any contingencies requiring significant resources. Ultimately, the most significant concern regarding reductions to public safety operations is the possibility of the MDR in California increasing to an unprecedented level. Without the proper resources, the CHP cannot hope to reverse the upward trend that has prevailed in the last three years.

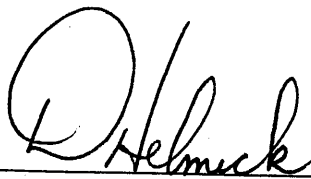
The reduction in field, nonuniformed staffing, especially in light of the staffing cuts taken in 2002-03, has decreased the ability of the Department to support its enforcement operations. Specifically, reductions in clerical staff impacts the CHP's ability to perform routine operations, such as transmitting ticket information to county courts, entering personnel payroll timekeeping data, and processing documents such as arrest and collision reports. Consequently, delays may occur in the arraignment and release of arrestees, thus creating legal ramifications for the Department and local district attorney offices; may adversely impact the Department's ability to process payroll documents to meet mandated deadlines; and may reduce service to the public by delaying the availability of documents, i.e., collision reports and citations.

Loss of Automotive Technician positions adversely impact CHP's ability to maintain an adequate number of safe and functioning vehicles on the roadway. Some of the automotive technician duties may be accomplished utilizing contracts for services, which will be more costly to the state.

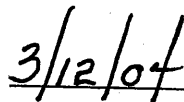
Cuts in Janitors or Maintenance Workers require the CHP to utilize more costly contracts to maintain offices, as these services cannot be forgone.

While it may be possible to temporarily cover the daily operations of the Department with reduced personnel, it will eventually adversely impact the remaining personnel, i.e., increased stress, low employee morale, and increased occupational safety issues. This adverse impact will occur earlier in smaller field offices than the larger ones.

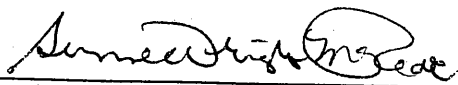
Department Director Approval:

A handwritten signature in black ink, appearing to read "L. Helmick", written over a horizontal line.

Date:

A handwritten date "3/12/04" in black ink, written over a horizontal line.

Agency Secretary Approval:

A handwritten signature in black ink, appearing to read "Sumner", written over a horizontal line.

Date: 3-15-04

Control Section 4.10  
Reductions By Program

Org. Code: 2740

Department: Motor Vehicles

## How was reduction implemented?

To develop the department's reduction plan we considered programs, workload and existing vacancies.

The department's reduction plan cut a total of 477 permanent positions and 94.2 temporary positions to meet requirements of Control Section 4.10. Indirectly related to Control Section 4.10 was the loss of an additional 28.0 permanent positions that were abolished pursuant to Executive Order D-71-03. The department implemented this reduction through elimination of vacant positions.

All but 67 of the permanent positions lost were vacant at the time the reduction was approved. The department transferred the 67 employees remaining in positions to be reduced to other vacant positions within the department in order to fully implement the reduction plan.

The following chart reflects the reductions and transfers for each division:

Division	Number Reduced per Control Section 4.10		Number Abolished per Executive Order D-71-03		Number of Employees transferred to other positions
	Perm	Temp	Perm	Temp	
Investigations	9.5	12.0	2.0		5
New Motor Vehicle Board	1.0	0.6			
Executive	3.0				
Administrative Services	30.0	1.4	2.0		7
Communication Programs	48.0				21
Industry Operations	8.0	0.3			4
Licensing Operations	77.0	2.5	15.0		2
Registration Operations	39.0		9.0		4
Legal Affairs	1.0	0.6			1
Field Office	239.5	76.8			19
Information Systems	21.0				4
<b>Total</b>	<b>477.0</b>	<b>94.2</b>	<b>28.0</b>		<b>67</b>

## What was the actual effect of this reduction?

The department lost a total of 599.2 positions in the CS 4.10 and Executive Order D-71-03 exercises. Approximately 82.3% (~493.0 positions) of this reduction was realized in areas that service or process work for the public, or perform compliance and/or other regulatory functions such as auditors and investigators. The areas most significantly affected by this reduction were field offices, telephone service centers and Driver Safety Offices. These three areas contributed 65.3% of the reduction (~391 positions). The field offices and Telephone Service Centers have cross-program impact that provides service to customers for issues related to vehicle registration, driver licenses, identification cards, etc. The impact of this reduction has contributed to increased field office wait-times to nearly one hour and increased telephone wait-times and/or "dropped" calls. In some areas, the DMV appointment system is saturated and cannot make any additional appointments.

### FIELD OPERATIONS

Field Offices alone contributed 52.1% (~312.0 positions) to this effort. This reduction has significantly contributed to the amount of time a DMV customer can expect to wait when a field office is visited. Thirty-five million people flooded into our field offices last year. Because of the reductions, we now have 12% fewer workstations available to the public. The three field offices most heavily impacted by CS 4.10 with average non-appointment wait-times approaching two hours were San Mateo, Santa Monica and Fullerton. Forty-two (27%) other field offices had wait-times exceeding an hour. Wait-times of up to 6 hours and 45 minutes have been reported in the larger field offices and customers are being served as late as 7:42 pm (field offices close at 5:00 pm). The average non-appointment wait-time of 59 minutes is 29 minutes greater than the goal set by the Legislature in Vehicle Code Section 1669. For the months of January through February 2004, the additional 29 minutes of wait-time represents a loss in productivity to the citizens of California of \$27.6 million.

### COMMUNICATION PROGRAMS

Telephone Service Centers have also incurred significant reductions in staffing with corresponding service reductions. The CS 4.10 exercise eliminated 27.0 positions from this function. This action has resulted in increased phone call wait-times and "dropped" calls. Like field offices, the telephone centers are a citizen's primary contact with their state government -- almost 20 million calls a year. Over the last year, the average wait-time before talking to a technician has doubled from approximately two minutes to over four minutes and busy signals have quadrupled to over 5 million a month.

### LICENSING OPERATIONS

Another activity that includes direct customer service is Driver Safety hearings. The hearings are utilized to ascertain the continued safety of the driving population from those drivers that pose a risk. The Driver Safety Branch reductions have made it difficult to conduct drunk driver arrest hearings within statutory time frames and high-risk driver investigations. The Department hears approximately 46,000 drunk driving cases a year. The law requires these hearings to occur within 30 days of the arrest. Currently, Driver Safety field offices are not meeting this requirement. Additionally, the Driver Safety offices have a backlog of 4,000 cases that have not been scheduled.

Once those cases are scheduled the program anticipates an increase in the time it takes for a hearing to occur. Furthermore, the Driver Safety program investigated approximately 53,000 high-risk driver cases last year, of which, 27,000 resulted in the revocation or suspension of the driver license. Currently, the high risk driver hearings are averaging 27 days before a hearing is conducted, an increase of 3 days within the last six months.

Approximately 106.0 positions were from production units that did not have direct contact with the customers, but facilitated the processing of vehicle registrations and driver licenses, and performed regulatory/compliance functions. The loss of positions in these areas has resulted in increased backlogs that delay the customer's receipt of registration documents, tabs and stickers. Below are examples of this:

- o Processing of release of liability forms when people sell their cars is now taking four times longer than normal -- 18 weeks instead of 4 weeks.
- o Mail processing facility, a critical operation in maintaining customer service, has lost 6 PYs in the past 18 months. This is frequently causing delays of as much as 11 days above normal in mailing out driver licenses, vehicle registrations, and other important documents.

The balance of the position reductions occurred in non-production administrative areas that have minimal impact to the department's direct customer service.

The department has embarked on a plan to mitigate the increased wait-times and backlogs. This effort will be funded with redirected existing resources identified by the department. The main focus of the redirection is to areas that have direct customer contact, such as field offices and telephone service centers. Since the identification of the redirected funds occurred in December, some funds have been used to address the "back office" process as well as the deficits in the department's Workers' Compensation and health benefit allotments.

Unfortunately, the department will not possess adequate funding in its budget to attempt to make the same adjustments next fiscal year. The annualized costs of the redirected resources to customer service areas will consume every bit of the CS 4.10 dollars. Therefore, a Finance Letter has been submitted to cover the unfunded portion of the department's Workers' Compensation and health benefit deficits.

Department Director Approval:

Date: 3/24/04

Agency Secretary Approval:

Date: 3-15-04

Control Section 4.10  
Reductions By Program

Org. Code: 2780

Department: Stephen P. Teale Data Center

Program: 10 – Service Bureau Operations – Data Center Services

## How was reduction implemented?

Two positions (Data Processing Manager I and Computer Operations Specialist I) were reduced. These reductions were implemented through attrition – no layoffs were required.

## What was the actual effect of this reduction?

Prior to recent position reduction exercises, there were 3 DPM I positions that supervised three shifts in the Data Services Section. The primary responsibilities of this section is to provide data center production services 24 hours a day, 7 days a week, including MVS systems, Direct Access Storage Devices (DASD), Tape Media and Reliability Availability Service (RAS). During the swing and grave shifts, the DPM I on-duty was responsible for all Teale personnel on-site. Two of these positions were eliminated in previous position reduction exercises. As a result of this reduction, none remain and their duties have been shifted down the organizational structure to two lower level supervisors. These supervisors are rotating shifts and working overtime and through lunch hours to provide supervisory coverage. As we have in the past the off-shifts are operating without the appropriate level of management personnel and shift coverage, creating exposures for the data center should immediate management attention be required. Currently, staff are instructed to phone a designated manager/supervisor if critical problems arise and this does not place the data center in the most ideal situation to address operational needs.

The Computer Operations Specialist I position operated the manual-mount and automated cartridge tape silo hardware, which are attached to the Data Center's production mainframe computer systems and mid-range server systems. These systems require over fifteen hundred tape mounts per day in order to support the State's critical IT systems. The elimination of this position has created shift coverage issues. In order to adequately staff a seven-day work week the remaining staff is required to work overtime.

Department Director Approval: \_\_\_\_\_

Date: 3/8/2004

Agency Secretary Approval: \_\_\_\_\_

Date: 3-15-04

Control Section 4.10  
Reductions By Program

Org. Code: 2780

Department: Stephen P. Teale Data Center

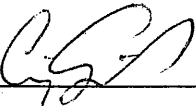
Program: 20 – Executive and Administrative Services

## How was reduction implemented?

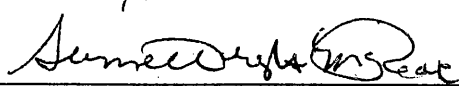
An Administrative Assistant position in the Executive Office was eliminated, reducing Administrative Support for this office by 50%. Because the employee in this position was able to fill a vacancy elsewhere in the department, no layoff was necessary to implement this reduction.

## What was the actual effect of this reduction?

This reduction has increased workload for remaining support staff in the Executive Unit and distributed workload to other support staff within the department. This has had little impact on the department with workload being absorbed by others.

Department Director Approval: 

Date: 3/8/2004

Agency Secretary Approval: 

Date: 3-15-04